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29 September 1982

NEAR EAST/NORTH AFRICA REPORT

No. 2628

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INTER-ARAB AFFAIRS

PLO SPOKESMAN ON U.S. POSITION, MEDIA CAMPAIGN

London AL-HAWADITH in Arabic No 1346, 20 Aug 82 p 57

[Interview with Mahmud al-Labadi PLO Foreign Information Official by AL-HAWADITH; date and place not specified]

[Text] In addition to his colleagues, Mahmud al-Labadi, who is responsible for foreign information in the PLO, has exerted obvious efforts to communicate the facts about the death and destruction to which the Lebanese and Palestinian peoples have been subjected by the continuing Israeli invasion of Lebanon which is now in its third month. Despite the constant bombardment of the area where the information headquarters is located, and even the buildings on either side, he and his colleagues have continued to cope with and provide facilities to dozens of foreign correspondents.

The following dialogue ensued in this meeting with Mahmud al-Labadi:

[Question] The news media have begun to talk about completed solutions and an imminent end to the crisis while talk has also begun about the obstacles in the direction in which the Palestinian forces could go. How can this be clarified?

[Answer] One must say that the Lebanese-Palestinian crisis is more complex than this oversimplification would have it. The complexity arises first in where the Palestinians would go if they leave. Then how would the arrangements for departure be made? Why all this? If the Arab world agrees to accept the Palestinians from Lebanon, this means that the whole Arab nation has given in to Zionist blackmail and even that it has been completely defeated. We on our part say that these offers to harbor the Palestinians would have been better to have been made to support them rather than the capitulation which they want to impose upon us by force of arms. The important thing is that obstacles and complications still face any honorable solution. The American envoy's policy is one of "the big stick." For instance, he takes a tour outside Lebanon to leave the way clear for the air force to bomb and wreak destruction and then returns and says: "I have come with a new solution." And we begin by talking about the same issue with the same logic.

[Question] There has been a lot of talk about transforming the organization into a political institution. What steps must precede such a transformation?

[Answer] The organization cannot be transformed into a political organization or into a political party as long as there is an occupation of our country for a number of reasons, primarily the fact that the occupation exists not by force to politics but by force of arms and Israel refuses to recognize the legitimate rights of the Palestinian people. America also refuses to recognize its national rights and the right of self-determination. So there is an American-Israeli policy which is hostile to the Palestinian cause in particular, and to the Arab cause in general. As long as this situation pertains, the PLO cannot be transformed into a political party even if it were able, God forbid, to offer concessions, if only a partial one, as the outgrowth of the Israeli-Palestinian war.

[Question] You have urged the U.S. in more than one press statement to hold a direct dialogue with the PLO although you recognize the American preconditions in this regard, that is, recognition of Israel. Are you receptive to this step?

[Answer] The American hardline position toward the Palestinian cause, the people of Palestine and the PLO is quite well-known. As has been said, it is outlined in the Kissinger plan and his secret pledge to which he committed himself and the U.S. to in 1975, the pledge not to talk with the PLO unless it recognized Israel and its existence and Security Council Resolution No 242. Accordingly, it must be made clear that the organization cannot recognize the existence of Israel until it senses some change in the American and Zionist position. Naturally there is a mistaken Israeli logic and a mistaken American logic, that is, the logic of the Fascist, the occupation and the aggression. How can a victim recognize the murderer? How can a people that has been assaulted for 34 years and is still being assaulted recognize the criminal? This is an odd logic used only by Hitler during World War II when he urged the European victims to recognize, submit to and sanction the fact that Hitler had occupied their countries. This is well-known Zionist logic and is, unfortunately, used on the U.S. Government and on every U.S. President who arrives in the White House. We reject this Zionist logic, we who need recognition of the right of our people to self-determination. The fate of Israel is not in our hands; it has existed for 35 years. However, the political entities of the Palestinian people have been eliminated and it is still suffering and in torment. So, there must be a change in the American position which exercises an arrogant and aggressive logic.

[Question] Can we view earlier statements made by Dr 'Issam al-Sartawi about the issue of recognition of Israel as an advance along this course?

[Answer] I do not want to get involved in a dialogue about statements made by some brothers abroad. Their circumstances are certainly different from ours in Beirut.

[Question] To what extent is McCloskey's document submitted by Yasir 'Arafat old and to what extent is it new?

[Answer] Our view is that the chairman, our brother, "Abu 'Ammar," extended an olive branch to the U.S., expressing his good faith in entering into a political dialogue with the United States. However, one unfortunately has to say that the United States did not respond to this olive branch. This shows that there is no American policy independent of Israeli policy and categorically confirms how far the White House has caved into the pressure of the Zionist lobby. As I said, we regret the unyielding, aggressive and arrogant stance of the current Reagan government and administration.

[Question] The Israeli invasion of Lebanon has produced a new political map. After Egypt was isolated and then returned spontaneously to the Arab ranks through the support of the PLO that backed Egyptian moves on resolving the explosive issue on the Lebanese arena, what contacts have taken place on this level between the PLO and Egypt? Is there any coordination between them about President Husni Mubarak's point concerning the establishment of a Palestinian government in exile headquartered in Cairo?

[Answer] With regard to the government in exile, we have always said that the time is not yet ripe. We are not as interested in a government in exile as we are in recognition of our legitimate rights by the United States. This is what interests us. Were the United States to recognize our rights, every country of the Western camp would follow suit. Any other point is less important. With regard to the Egyptian-Palestinian dialogue that took place, naturally we are in a state of siege and need Arab support from all parties. If we turned to America's friends to do their share, if they really feel that America is their friend, then they are now being put to the test. We said to our friends in the Arab homeland: "Let's see your influence on the American administration." Especially Egypt because it signed a peace treaty with Israel that stated that there would be no more wars. In doing this, we wanted to give an examination and put these countries to the test in front of Arab public opinion and in front of the Arab masses. Above all else we are concerned about continuing to insist on our rights, our cause and our revolution. Any dialogues which take place must follow the overall strategic line, the line of the resistance, the line of achieving the legitimate rights of the Palestinian people and establishing its independent state.

[Question] How do you evaluate the work of the Palestinian information machinery during the current war and to what extent have you been successful in winning international attention to the events there?

[Answer] During this war, the Palestinian information machinery has successfully triumphed over the Zionist machinery based on the fact that the Zionist machinery is that of an aggressor and invader, Israel, an aggressor state fighting an enemy which is small in numbers and materiel. Israel is the attacker of an Arab country which is being killed and destroyed. Israel is the strongest country in the area militarily as the result of American support and its possession of powerful weapons of destruction. Matching this, the Palestinian revolution is fighting with modest weapons. Therefore, a foreign correspondent cannot sympathize with the aggression, occupation and arrogance. Even inside Israel there are voices raised against Begin. So the Zionist information machinery lost inside Israel. How about outside Israel? There

are officers in the Israeli army who say: "We do not want to fight in Lebanon." This is obvious and shows that the information media is in favor of the Palestinian cause and rights. We, like the Palestinian information machinery, have done what we can to facilitate the work of the foreign jouranalists and correspondents by arranging daily meetings with the Palestinian leadership and setting up visits to various sectors that have experienced protracted bombing and destruction. The foreign correspondent has witnessed this whole tragedy and it has indeed played a role in influencing his writings and, consequently, the sympathy with the Palestinian cause and the Palestinian revolution.

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CSO: 44004/632

INTER-ARAB AFFAIRS

FRENCH INVESTIGATIVE TEAM REPORTS ON PALESTINIAN PRISONERS

London AL-DUSTUR in Arabic No 246, 9 Aug 82 p 23

[Article by Al-Salami al-Husni: "The Resistance Prisoners Must Be Treated as a Regular Army"]

[Text] A delegation of French investigators has returned having gone to South Lebanon and Occupied Palestine to investigate the Lebanese and Palestinian detainees for whom the Israeli forces have built detention camps holding, according to figures given to the French delegation, more than 9,000 prisoners. Upon its return, the delegation held a press roundtable at which it stated that the mission for which it had gone had not been accomplished because the Israeli authorities had refused to permit the delegation to visit any of those camps. However, the members of the delegation were able to confirm the existence of other detention camps besides the "Ansar" camp near Tel Aviv. They also collected information about the conditions of those detainees who were regarded as "terrorists to whom the third Geneva Convention on prisoners of war did not apply."

The delegation went in the name of the "Center for Information on Palestinian Prisoners, Displaced Persons and Missing Persons" which was formed recently in Paris, Rome and Geneva at the initiative of a number of international investigators. The founding statement of this center states: "According to information published in the international press, the treatment of Palestinian prisoners by the Israeli army in Lebanon is in violation of the Geneva treaty dated 12 August 1949 on prisoners of war which was signed by Israel and Lebanon." The statement asserts, in rebuttal of Israeli claims, that "the PLO is recognized as the representative of the Palestinian people by a number of nations throughout the world (including Lebanon) and by international organizations (including the UN)." It states that "the presence of the PLO and its forces on Lebanese territory came as the result of agreements with the Lebanese Government, that the PLO armed forces operate like any other regular army in the area and that Article 4 of the Geneva treaty views as prisoners of war the personnel of regular forces of a government or an authority which the detaining authority does not recognize." The center's founding statement urged all countries or parties which signed the Geneva treaty to force the Israeli authorities "to respect their international obligations."

From another angle, the document talks about life in the camps established by the occupation authorities, stating: "In Sidon, the Israeli army forced all inhabitants of the city to gather on the seacoast and, over a period of several hours, the military police separated men and women according to faces and ages. The Israeli troops placed an identifying mark on the back of each Palestinian and they were then assembled in an isolated spot. At the same time, Israeli paratroops were searching houses and shooting at some fighters and then Israeli tanks began to destroy the houses." The center quotes journalists who saw the Israeli invasion and the grouping of the inhabitants in the detention camps as saying: "The Israeli forces engaged in acts of torture highly reminiscent of Nazi methods." The center and internationally known European personages are currently engaged in extensive activity both through contacts and through the information media on behalf of a political issue it views as central to its activity, that is, regarding the Palestinian and Lebanese detainees and those persons now living in Israeli detention camps in bad conditions as prisoners of war to whom international agreements in this regard apply. However, until the center can force accomplishment of this goal, those camps are still growing and expanding while the world is watching the Israeli practices in silence and with no actions against the neo-Nazi practices. Numerous Arab, nongovernmental circles have continued to express special interest in the activity of the center. This center may expand to include personages from Africa, Asia and Latin America in addition to the European investigators.

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OPEC'S CONTROL OVER CRUDE OIL QUESTIONED

Paris AN-NAHAR ARAB REPORT & MEMO in English No 28, 30 Aug 82 pp 8-10

[Text]

To what extent does OPEC control the world oil market? Not very much is the message behind a study by Britain's prestigious Royal Institute of International Affairs on the 1979 oil crisis that followed the overthrow of the Shah of Iran, when the price of crude oil shot up by 150 per cent. The study by former British Petroleum Director Robert Belgrave describes the price rise as unnecessary, placing the blame for its crippling effect upon the world economy squarely on the shoulders of consumers. The price, Mr Belgrave contends, was pushed up artificially by panic buying and by governments of consumer countries building up massive stocks of crude oil because of anxiety over the security of future supplies. The actual loss of oil as a result of Iran's Islamic revolution was a mere 2.5 million b/d or only 5 per cent of demand in the West, Mr Belgrave stresses.

The study argues that a relatively small stockpile of oil that could be released to countries or refiners that lost oil because of an interruption of supplies could have ensured against the shocks to the world economy that were caused by the fall of the Shah. And, according to Toshio Komoto, Japan's minister in charge in charge of economic planning, the second oil crisis of the 1970s is "the first and fundamental cause" of the current recession, with high interest rates in the US now the prime hindrance to recovery. "Just as we went through two years of hard times after the 1973 oil price increases, we started feeling the effects of the 1979 oil crisis in 1980 —and we are still feeling them today," Mr Kimoto declared recently.

Mr Belgrave believes that a flexible reserve of only five days' supply would have been adequate in 1979 and he advocates the creation of these reserves by Europe and Japan. The flexible reserve could be added to the 90-days' supply demanded by the International Energy Agency, the study says. The IEA

has its own sharing scheme for stoppages involving 7 per cent or more of supplies and Mr Belgrave notes that while President Reagan has said he intends to leave to market forces the question of allocating oil supplies in the event of minor cut-offs, differences of opinion over what to do about "sub-crises" in crude oil supplies in recent years have added to strains inside the Western alliance. And what happened in 1979, Mr Belgrave asserts, shows that market forces simply do not work well enough.

Mr Belgrave's study does not agree with those who believe that the current glut in the oil market makes it unnecessary during the next five years for consumers to plan for an eventual cut in supplies and he cites instability in the Middle East as justifying this need for caution. He could have gone even further: guerrilla warfare in Central America is reaching dangerously close to such big suppliers of OPEC and non-OPEC oil as Venezuela and Mexico and the ever-fragile economies of both Nigeria and Indonesia make them vulnerable to internal upheavals that could halt the flow of oil.

While Mr Belgrave's study does not address itself directly to the question of OPEC's control — or lack of it — of the oil market, what has happened since 1979 can only reinforce the view that the oil exporters do not and cannot dictate to the market under most circumstances. Furthermore, as this newsletter has argued repeatedly for several years, it is neither in the interests of the oil producers nor consumers that OPEC should have such power. Indeed, what efforts there have been since the mid-1970s to control the market, mainly by Saudi Arabia and its conservative allies, have been towards moderation and have stressed the inter-dependence of producers and consumers, whether the consumers liked it or not.

Because a market, by definition, has no memory, the Saudis have never been thanked for their pains. To be sure, the Saudis had very good reasons of their own for acting as they did: as a country with a small population which imports vast quantities of goods, they certainly did not want to import the inflation that came with these goods, especially in the mid-1970s, when the Carter administration was allowing the dollar to fall to unprecedented lows at a time of double-digit inflation in most of the West. The Saudis therefore battled for OPEC prices that meant that the real cost of oil to consumers fell steadily until 1978. They raised output in 1979 and maintained prices that gave the ARAMCO consortium a considerable edge, but they were powerless to combat the gleeful greed of Iran's revolutionary *mullahs* as they switched from long term sales to deals on a spot market where jittery

oil companies competed against each other to buy crude as if each barrel on offer was the last oil they would ever see. There is ample evidence that the Saudis were worried that the sudden rise in price would trigger off a recession, though it is doubtful that they foresaw just how serious a slump it would be.

The Saudis stepped up production once again when the Gulf war broke out between Iraq and Iran in September 1980. This was potentially a much more serious crisis than the departure of the Shah because it removed from the market some 5 million b/d of oil at a single stroke. This time the Saudis were successful in stabilising the market. It scarcely hiccuped because the Saudis were helped by both the deepening recession and the large stocks of oil acquired in 1979 by consumer countries.

Since then, re-stocking of oil has been spurred by the high cost of financing this stored crude. OPEC, with Saudi Arabia in the van, has been able to defend the \$34 per barrel price for Arabian Light benchmark crude only at the expense of OPEC's share of the market. And OPEC's current sales of about 18.2 million b/d stand above the 17.5 million b/d production ceiling because the countries that led the upward surge in prices are now charging less than official prices and are ignoring the production quotas set by OPEC ministers in March.

The hangover from that buying binge is with us yet. Destocking of oil stored above ground by consuming countries has been blamed by OPEC ministers for the past year as a prime cause of the oil market's woes. With a regularity that is reminiscent of the curses flung at OPEC's head in the 1970s, oil exporting countries now accuse consumers of seeking to drive down crude oil prices by drawing down their stocks. There is, of course, an element of truth in this charge. But it is certainly not the whole truth.

Lower crude oil prices would suit some oil companies, but certainly not those with huge sums invested in oilfields where the well-head cost of oil is high and who are paying high rates for the money to finance that oil. The collapse of the Penn Square Bank in Oklahoma because its energy loans turned sour illustrates what can happen these days if prices fall: Harrison Townes, who heads Toklan Oil and who is a former President of the Oklahoma association of independent oilmen, estimates that one out of every ten companies in his state will be driven to the wall and a further one in ten of Oklahoma companies will be in financial difficulties. There are also oil companies that have large investments in coal and who do not want that commodity to lose its competitive edge.

But even if destocking is largely the product of the high cost of financing oil stored above ground because of interest rates kept high by monetarist policies to combat inflation, it is certainly true that this oil has been injected back into the market during a period of falling demand, greatly aggravating the problems that producers have in selling new supplies of oil. It is also true that these headaches are being compounded by the fact that lower consumption

means that reserves can be reduced, leading to a further drawing down of stocks. Finally, but by no means least significant, the possibility that this process might indeed bring down crude oil prices is a strong disincentive to hanging on to oil purchased at a higher price.

Pressure to cut prices is therefore intense even though destocking is taking place at a far lower rate than earlier this year. And it is unlikely that lower interest rates will induce purchasers to enter the Northern Hemisphere's winter season with much more oil in storage than they need to maintain minimum reserves.

Meanwhile, earlier reports that Indonesia was preparing to cut the prices of two of its crudes were denied last week by the Oil Minister, Dr Subroto. He told *Reuters* in Djakarta that his country could maintain its OPEC-assigned quota of 1.3 million b/d and that any change in prices would have to be based on a recommendation from OPEC's monitoring committee (of which he is a member). OPEC experts are to meet in Vienna on August 30 to examine possible adjustments in differentials, Dr Subroto said.

Similar denials of impending price cuts came from an official Nigerian source. But the source told *Reuters* in Lagos that any cut in official prices for North Sea oil by Britain might prompt Nigeria to lower the price of its oil.

But if further bad news for OPEC was needed, Mexico last week announced an agreement which would boost oil exports to the US by 100,000 b/d in stages over the next year to about 900,000 b/d. Other customers for Mexican oil will likewise be looking for some attractive deals for additional supplies.

Factors such as these, plus the wholesale non-observance of production quotas by some OPEC countries, raise the question of whether a policy of the remaining members of the organisation of accepting a steadily shrinking share of the world oil market in order to defend the \$34 per barrel price for Arabian

Light crude continues to serve the interests of the oil exporters. Rich Gulf states like Saudi Arabia and Kuwait can, of course, use their currency reserves to make good shortfalls in revenues for a very considerable period. But even these countries cannot accept slumping production over a long time without experiencing pain, if only because their industrial development policies require increasingly large quantities of associated gas from their oilfields.

CSO: 4400/466

OPEC AFFAIRS

BRIEFS

OPEC BORROWING--Members of OPEC borrowed 2.3 billion dollars during the first three months of current year, according to banking sources in Vienna. The sources said that though the OPEC member countries loaned money in much excess quantities than what it borrowed, yet the amount of borrowing is increasing. The sources added that the amount deposited also increased during the first three months of 1982. Whereas, 161.5 billion dollars were deposited in banks during the first three months of 1981, the amount for the same period this year was only 152.3 billion dollars. [Text] [Kuwait ARAB OIL in English No 9, Sep 82 p 68]

CSO: 4400/481

BANKS SPUR DEVELOPMENT IN GULF

Jiddah SAUDI BUSINESS in English No 15, 13 Aug 82 pp 18-24

[Article by Louise Denver]

[Text]

BANKING and finance are emerging as one of the Arabian Gulf's primary economic strengths. They occupy an expanding slice of the non-oil sectors of the Gulf states, bypassing construction and transport in importance and equaling the power of industry and trade. The growing maturity of Gulf banking and finance comes at a time when oil revenues are declining, highlighting their importance as sources of revenue and as catalysts for development.

The delayed effect of the sharp drop in oil revenues in 1981 has forced authorities Gulf-wide to curtail expansionist policies and rationalize government spending. With lower oil output and income, and inflation maintaining a relatively high pressure, the states' 1982-83 fiscal budgets have been tight. Governments have scaled down subsidies and set about increasing consumer awareness of the need to conserve resources. All Gulf states except Saudi Arabia and Oman increased gasoline prices this year (Oman delighted its citizens by reducing prices at the pump, which are nevertheless still twice as much as in any other Gulf state).

But for all the finance ministers' pictures of gloom, glut and caution, no real cash-flow problems are foreseen, and the Gulf's economies are among the healthiest in the world. Despite cut-backs and consolidation, financial

activities continue to maintain a momentum unparalleled in any other sector of the Gulf economies.

In Kuwait the commercial banks enjoyed a bumper year in 1981. Increased domestic activity boosted their revenues, and the four largest commercial banks all benefited from increased international business. Bahrain's banking scene eclipsed all projections. The total assets of the offshore banking units (OBU's) passed the \$50 billion mark at last year's end, and OBU profits almost doubled those of the previous year, at \$344.3 million. The United Arab Emirates is on the road to streamlining its banking sector with new regulations designed to increase liquidity and maintain more funds at home.

The three main banking centers in the Gulf — Bahrain, Kuwait and the UAE — can be distinctively characterized as follows: Bahrain is the money market, with a large offshore banking section set up primarily as a conduit for funds to and from Saudi Arabia. Kuwait is the investment center of the Gulf, while the UAE is known as the home of "high street" or small-scale commercial banks.

In Kuwait, there are now 20 investment and finance companies registered with the Kuwait central bank. Three of them are public shareholding companies registered in the stock exchange.

the Kuwait Investment Co. (KIC), Kuwait Foreign Trading, Contracting and Investment Co. (KFTCIC) and the Kuwait International Investment Co. (KIIC), all of which are international companies, known collectively outside the Gulf as the three Ks. KIC and KFTCIC are 50 percent government owned, and both marked up dramatic performances in 1981. KFTCIC concentrated on the international syndicated loan markets, recording a 220 percent increase in 1981, with \$2.5 billion in loans for which KFTCIC was the lead manager.

KIC directs its activities into the international bond markets, having underwritten Eurobonds as far back as 1966, before many European houses were in the market. In 1981 KIC managed or co-managed some 50 issues totaling \$3.84 billion. It also arranged a phenomenal \$4.6 billion in private placements.

Although Kuwait is the only Gulf state with an official stock exchange, the Souk al-Awraq al Maliyya, the unofficial or 'Gulf' share market, the Souk al-Manakh, boomed over the past year with shares of firms incorporated in Bahrain or the UAE. The spectacular profits available lured back home Kuwaiti funds previously held abroad. And in a curious practice, the target of much criticism, post-dated cheques worth some \$24.6 billion have been the major source of the Souk al-Manakh's liquidity.

Kuwait has never allowed foreign banks to operate from its soil, a policy instituted to ensure that banking profits are kept in the country. Bahrain and the UAE, however, have never imposed such strictures, and neither have Qatar or Oman. The UAE's open-door policy, and the peculiar growth of many small and often family-based banks, have led to serious overbanking in that country.

In 1980 the UAE central bank reported 28 fully licensed foreign banks and 21 locally incorporated banks. Together they have 347 branches serving a population of under 1.5 million. The foreign banks are especially guilty of branch proliferation: Nine foreign banks have a total of 180 branches. To

trim down this activity, the central bank announced in July 1981 that no foreign bank operating in the UAE could have more than eight branches. The measures, which affect nine of the 28 foreign banks, mean that 89 branches will have to close by January 1, 1984. The British Bank for the Middle East will be particularly affected, with 24 of its 32 local branches due for closure. Bank Saderat (Iran) will lose 15 branches and the United Bank (Pakistan) 12. Authorities say the reduction will help keep more banking profits in the country.

In order to further stabilize the domestic banking scene, the central bank has also decreed a minimum paid-up capital of \$10.8 million per bank, requiring 10 percent of net annual profits to be placed in a special reserve until the fund totals half the capital. This means each bank will have a minimum capital of \$16.2 million. This rule, along with others targeting investment companies, money changers and brokers, are helping to tidy up the UAE's rather lax banking and financial system.

Over the past three years, some 75-80 percent of bank deposits have been held by only one-fifth of the country's banks. To remedy this, central bank Governor Abdul Malik Al-Hamar recently introduced several measures to distribute deposits more widely. These include the use of swap facilities, which are now available for amounts up to \$20 million to all banks. However, because of speculative dealings in dirhams, the central bank has threatened to withdraw swap facilities for those banks that abuse them in an effort to keep adequate dirhams at adequate prices in the country. Banks may only take forward positions in dirhams to cover commercial transactions in the UAE itself.

In light of the UAE's unprecedented forecast of a \$622 million budget deficit this year, the central bank views speculative dealings seriously. To further strengthen the dirham, Governor Al-Hamar announced further restrictions on dirham lending offshore in May. Banks lending dirhams offshore are required to deposit interest-free 30 percent of all loans for up to a year's maturity. This followed last summer's

15 percent interest-free requirement on loans for up to three months.

The dirham is now part of the International Monetary Fund's 25-currency basket, and in the absence of exchange controls, dirhams tend to flow out to Bahrain's interbank market when the dirham/dollar interest rates widen. Last year's measures effectively dampened the dirham market in Bahrain by adding 2 percent to the dirham's cost. The new ruling should theoretically add another 2 percent, but in practice dirham interest rates are being traded at 16 percent, only 2 percent above the average local interbank rate.

The central bank's aggressive measures are beginning to pay dividends. The general feeling in the UAE banking community is one of stability and greater confidence. Bankers feel that the horrors of 1977, when the construction boom spiralled out of control and the resultant banking crisis forced two banks to temporarily close down, will not be repeated. That security is considered worth the extra government watch keeping, since banks are now expected to furnish more information to authorities and to undergo regular supervisory visits.

The central bank's 1981 annual report shows a 30 percent increase in commercial bank consolidated assets from 1980's \$14.1 billion to \$18.3 billion. Deposits went up by almost 20 percent to some \$9 billion, and lending to the private sector by 20 percent to \$8.1 billion. The biggest demands in private sector spending came from trade and construction.

In May a circular went out to investment companies. They must now have a minimum capital of \$13.6 million, of which half must be paid up. There are also restrictions on selling shares too quickly. UAE nationals must own 70 percent of the capital and make up two-thirds of the board of directors — including the chairman. This provision is intended to widen both the size and ownership of the companies' capital. There are also new rules for the private money market. This is estimated to have 100 participants and to handle \$1.6 billion of business a year. Licenses are to be imposed on money exchange shops, brokers, commodity dealers and stock exchange agents.

While the UAE central bank represents one state instrument for controlling money, there is also the Real Estate Bank, the Agricultural Bank and the \$272.4 million UAE Industrial Bank, whose incorporation agreement was signed in May. These institutions are akin to economic development agencies and are found in both the UAE and Kuwait. In these countries there is a close relationship between industrialization and development banking. Such specialized institutions meet certain financing requirements of private industry, even though there are well established commercial and investment banks. Their main objective is to provide loans to private industrial units.

The new industrial bank is also envisaged as a tool to draw some of the commercial banks into industrial financing. It is hoped that banks can eventually handle industrial needs once initial capital requirements are met. The industrial bank will also provide managerial and technical advice, and occasionally even personnel, to national entrepreneurs. This tie between the government, entrepreneurs and commercial banks is designed to encourage industrialization — once protected in its infancy — to flourish in the form of economically viable self-supporting concerns.

The idea behind the industrial bank came from the success of other development banks in the UAE. Their emergence was initially intended to bail out commercial banks from the disastrous situation they found themselves in when the property bubble of the mid-seventies burst. The housing bank, for instance, was set up when the UAE banks lent widely for construction, demand slumped and landlords found rents insufficient to pay off their loans. Banks were left overextended with too many borrowers unable to pay back their debts. From this bail-out operation, when the government guaranteed property borrowers' outstanding debts through the housing bank, the Real Estate Bank (REB) was formed in October 1980. Abu Dhabi based, but like the industrial bank, a federal institution, REB is still paying off loans for property deals dating before 1978. It has so far helped 600 people from the housing bank's \$436 million special fund, but — with an operating capital of

\$81.7 million — has also issued \$54.5 million in new loans. Housing banks of this type with soft-loan and subsidy facilities operate throughout the Gulf states, in Kuwait as the state-owned Credit and Savings Bank (CSB), where real estate loans account for more than 90 percent of its total loan portfolio of \$1.75 billion, or in Bahrain through the Ministry of Housing.

In addition to the localized development banks, the Gulf Cooperation Council (GCC) is studying an investment fund to lend to industrial and other investment projects in the region. The Gulf Investment Fund would be different in its structure or purposes from the pan-Arab Gulf International Bank (GIB) or the Arab Banking Corp. (ABC) capitalized at \$1 billion and backed by Kuwait, Libya and Iraq. Nor would it be similar to any commercial bank, non-banking financial institution or aid agency now operating in the Gulf states. It is intended as an investment merchant bank to operate on a region-wide basis, particularly to provide long-term investment finance to GCC members that are relatively weak in financial resources. It would not only be a lending agency, but would also equip itself to provide technical, consultancy, and management services.

On the commercial front investment banking is one of the newcomers to the Gulf's banking scene. Bahrain, the acknowledged financial center of the Gulf, has only seven investment companies, although Kuwait boasts eighteen. Kuwait was the first Gulf state to accumulate large surpluses from oil revenues and embark on building an industrial base. The decision to concentrate on investments led to the establishment of a reserve fund that annually receives at least 10 percent of oil revenue. Investment income is ploughed back into further investment holdings. In 1981 for the first time, Kuwait's investment income outstripped its oil revenues. The returns on Kuwait's foreign assets, estimated at \$75 billion, are estimated at roughly 10 percent. That means around \$8 billion this year in investment income.

Well over 30 percent of Kuwait's investments are in equities, 60 percent

of which are U.S.-based. Kuwait has holdings in the equity of many top 500 U.S. companies, although the stakes tend to be under 5 percent to avoid compulsory disclosure.

Other Kuwaiti equity holdings in West Germany, Britain and France are in larger chunks, involving these countries' best-known corporate names. The Kuwaiti move to Europe occurred during the late 1970s when the Carter government slapped a tax on dollars invested abroad, resulting in greater demand for investment dollars in Europe. Arab investors, primarily from Kuwait, were happy to respond.

A group of enterprising London merchant bankers also looked about for customers with money to invest and homed in on the Kuwaitis. The Londoners created the Eurodollar — the European answer to the gap left by the U.S. dollars — and offered the Kuwaitis investment portfolios that for the first time included Japan. The Japanese were feeling the draft in the cutback of U.S. dollars and welcomed the Arab money.

When Iranian students seized American hostages in November 1979, the U.S. government reacted by freezing Iran's assets in the United States, a move that made the Arab world jump. If the United States could freeze Iran's assets, it could wield a similar weapon with any other nation. More recently the vulnerability of foreign assets was brought home by the British freeze of Argentine assets over the Falklands dispute. Arab states have absorbed the lesson of these incidents and moved to redirect their funds back to the Gulf and to the Far East. Arab purchases of U.S. equities, for example, dropped to \$1.17 billion in 1981 from \$1.21 billion in 1980, while Arab purchases of U.S. bonds dropped 21 percent in 1981 to \$1.6 billion. There may have been economic as well as political reasons for the decline, however, as the U.S. secondary bond market slipped in profitability during the year.

A World Bank official said in March that Arab banks are thriving and becoming a force to be reckoned with in the international financial market. In 1981, Arab-led banks accounted for 26.5 percent of the total world loan market of \$90.3 billion. In 1980, the

Arab share was 10.3 percent of \$77.4 billion. In 1981, about half the loans lent by Arab countries went to developing countries and the rest to the industrialized world. Although 50 large Arab banks have \$152.8 billion in assets, only 17 are included in the world's top 500. These operate mainly in Paris, London and Bahrain.

In Taif earlier this year, the Arab League Economic Directorate and the Arab Federation of Chambers of Trade, Industry and Agriculture met and estimated that Arab oil producing countries have investments worth \$405 billion outside the Arab world with an expected increase to \$990 billion by 1985. The aim of the conference was to encourage the flow of more Arab petrodollars into economic development projects in less endowed Arab countries.

By encouraging the growth of Arab banks, the Gulf countries will retain a greater potential control of their own funds. The offshore banking sector of Bahrain is a case in point. In 1975 it was thought that the market would consist chiefly of foreign banks seeking government deposits and that the principal function of the market would be to channel these funds to other offshore markets. But as Saudi Arabian Finance Minister Muhammad Aba Al Khail put it at a recent conference, "It is now clear that most of the financing is for Arab borrowers, and that Arab banks have a growing role to play." Bahrain Monetary Agency Director Abdulla Saif explained that although it is true that offshore banks in Bahrain have assisted in capital outflows from the Gulf, this would have occurred anyway due to massive Gulf incomes that could not be absorbed domestically. The contribution of the offshore market, he says, is that the private sector has played a larger part in the recycling process than it would have otherwise.

Says Saif, "The increased velocity of the circulation of money produced by the activities of the OBU's has spurred economic development and spread its benefits more widely. It has truly been an irrigation process, nourishing the growth of private sector enterprise and thereby enhancing the benefit of public sector expenditure."

At the end of 1981 64 OBUs were operational in Bahrain with 70 licenses issued. Their assets rose over \$50 billion, an astonishing 35 percent increase over the previous year. These assets were divided as follow: 50 percent in Arab countries, 25 percent in Europe and 7 percent in other offshore centers with the remainder spread around the world. But the most dramatic change from previous years — even two years ago — was that in 1981 the OBUs recorded a \$8 billion leading surplus. Some \$24 billion was lent to the region while \$32 billion was lent to borrowers abroad. Said a BMA spokesman, "This surplus is getting larger all the time due to increasing confidence in Bahrain as a financial center and in the capabilities of Arab banks."

What is in fact happening is that Arab banks are lending to developing countries like Brazil money for their development projects. State institutions in these countries are financing construction companies to operate both at home and in the Gulf's own development projects. In effect these countries are returning Arab money to the Gulf by way of Bahrain's OBUs, usually channeled through their own representatives, who helped organize the loans in the first place with Bahraini banks. This recycling is also the nub of the Japanese entry into Bahrain's offshore market. Again the Japanese representatives offer investment portfolios in the Japanese/Asian economies and at the same time raise loans to finance work by Japanese companies in the Gulf.

As more and more of these units are attracted to Bahrain, the BMA policy is to encourage a spread of financial services — in the investment, merchant and offshore securities markets for example. For now that the interbank foreign exchange and deposit market is well established, Bahrain's health as a financial center depends on expansion into other fields.

Against this backdrop of growth and increasing confidence in Arab expertise in the banking field, the Gulf governments jealously insist that banking remain free of controls and government intervention, thus spreading the international attraction of the Arab banking

centers. In the short term the need to continue to accumulate Arab expertise in all aspects of banking is still very real for a longer term control of Arab funds.

With banking services well established both nationally and internationally, with Arab concerns matching foreign banks' performances not only here but in the world markets, the time has come, Aba Al Khail suggests, "for a general re-examination of the broad thrust of our policies and an exploration of what could be achieved by cooperative action." Here he was referring to greater uniformity of banking controls and regulations and closer coordination of monetary and foreign exchange policies in order to provide opportunities for more effective banking services.

But that this growth should be continued in a competitive environment is always stressed. Such a growth pattern is unique for developing countries, but one that is certain to ensure Arab banking a formidable future in world banking, and finance.

CSO: 4400/466

APPEALS MADE TO MANY GROUPS TO STRENGTHEN NATIONAL UNITY

Afghans Living Abroad

Kabul KABUL NEW TIMES in English 25 Aug 82 pp 1, 4

[Speech by President Babrak Karmal]

[Text] KABUL, August 25 (Bakhtar).—Babrak Karmal, President of the Revolutionary Council of the Democratic Republic of Afghanistan, has addressed a message to Afghan nationals living abroad, which was broadcast and telecast by Radio-TV of Afghanistan last night.

The text of the message follows:

In the name of God, the Merciful and Benign.

Message of Babrak Karmal to compatriots residing abroad.

Brothers,

The national-democratic Saur Revolution inflicted a deadly blow on the tyrannical domination of feudals and bureaucrats who had been keeping our people for years on end in poverty, disease and illiteracy and did not pay any attention to the welfare of our people and their just rights. The Saur Revolution is the beginning of the new and great path which leads our people towards prosperity, complete free-

dom from the shackles of the cruel feudal and pre-feudal relations, towards a new culture, health, civilization and progress.

With the victory of the revolution, those who had abundant land and big capital saw their interests in danger and unleashed a war and animosity against the revolution. In this ruthless war against your country, the world imperialism, headed by US imperialism, reactionary regimes of the region and the hegemonist China, reactionaries, feudals and the former rulers of our country joined hands and did not stop at committing any kind of crime and subversion against our people.

On the other hand, in the revolutionary party and state, Amin and his bands resorted, in the first days of the revolution, to a conspiracy against the principled, sound, humane and realistic forces in the People's Democratic Party of Afghanistan. After usurping power completely, they

perpetrated the worst kinds of torture, crimes and excesses on our people. This plot was a help to the enemies of the revolution who were waiting for such fatal mistakes on our part in order to justify their opposition to our revolution.

But, compatriots, you must know that these crimes and deviations were completely against the essence of our revolution. Today we have established democratic legality, in its real sense, in the country and have given unshakeable legal status to the rights and freedoms of our people. The victory of sixth of Jaddi (December 27) razed to the ground all the plots of the reactionary countries of the region and imperialism. They rose to hatch wide conspiracies against our country. As a result, the territorial integrity, independence and national sovereignty and the revolutionary gains of our people were faced with a serious danger. In order to defend our country against the aggression by aliens, we were constrained to request urgent assistance from the old and the real friend of the people of Afghanistan, i.e., the USSR.

The enemies of the revolution who thus saw their ominous plans doomed to failure, unleashed a propaganda campaign and claimed that Afghanistan had come under the occupation of the Soviet Union. This is a cowardly slander and completely detached from the reality of the brotherly Soviet assistance, rendered in accordance with Afghan-

Soviet Treaty of Friendship dated December 5, 1978, and Article 51 of the UN Charter.

Countrymen,

We abhor fratricide, discord and animosity between our people. We have always fought for ensuring unity of action and strengthening brotherhood among all the tribes and nationalities inhabiting our united and beloved Afghanistan and will spare no effort in future, too, to achieve this end.

In the two and a half years which have elapsed since the downfall of the bloody regime of Amin, we have shown that we are the real and devoted servants of our people.

We assure you, compatriots, that, in our country, the conditions are fast improving. Nobody is subjected to persecution or investigation for his religious belief or political and ideological inclinations, unless he would resort to plots and subversive actions against our people and revolution. The rights, freedoms, property, and persons of individuals are protected.

In line with our peaceful approach towards the countrymen who have come under illusions, we have given legal force to this fact through the Decree of the Presidium of the Revolutionary Council on General Amnesty dated June 18 1981.

You are living as a stranger far from the country, leading a difficult, meaningless life, detached from the warmth of your household and subjected to constant

humiliation, while the revolution provides for you land, opportunity to work, education, and participation in moulding the destiny of the society.

Do you know that the US imperialism and the regimes of Pakistan and China are using you as a convenient and cheap tool? You do not have any authority of your own. The so-called leaders of the so-called Jamiat and Harakat-e-Islami, etc., who themselves are leading a royal life in their decorated palaces, make you an object of deals. We assure you that, in any case, we will establish complete security in the country. Our revolution is getting consolidated and ever wider ranks of the people are rallying around it.

Life has shown that our party is getting stronger with every passing day; its link with the people is getting consolidated and the enemy is becoming weaker.

In the name of Afghan honour, in the name of the country, wake up and return to your country. Re-

turn to your homeland which is waiting for you and has a right on you. The country will embrace you in its fold. Still, it is not too late. Abandon the path which you have followed erroneously and under the impact of the enemy's deceit. Respond to the compassionate call of the homeland and begin anew a normal, humane, proud and free life in your ancestral and proud homeland. There are no obstacles for you on this path. The Government and the state of the DRA will ensure for you necessary conditions for engaging in fruitful and useful social work and leading a befitting, human life. Make use of this real possibility which can change your destiny and that of your children in a honourable and desired direction.

Come, let us make our beautiful country prosperous and blossoming. The country needs you.

And success is from God!

Babrak Karmal,

President of the Revolutionary Council of the DRA.

Refugees in Pakistan

Kabul KABUL NEW TIMES in English 26 Aug 82 p 1

[Text] KABUL, August 26 (Bakhtar)— An Afghan fugitive, who has recently returned home with his family after spending almost three years in the so-called Afghan refugee camps in Pakistan, has given an eyewitness account of the hectic activities of the 'Islamic committees' and the American, Chinese, Egyptian and

Pakistani tutors in training the Afghan youth and adults in special military camps and smuggling them into Afghanistan to carry out murders and subversion here.

Ameenullah, a teacher and a resident of village Karhal, Kunar province, says that, on hearing the news of the general am-

nesty granted by the Revolutionary Council to the deceived persons who have fled the country and after realising the humanitarian policy of the party and the state as well the justness to the cause of revolution, he decided to return to his homeland.

"But", he said, "it was difficult because the Government of Zia ul-Haq did not allow anybody to return to his homeland. To prevent people from returning home, it has deployed Pakistani militia all along the borders in Bajaur, Torkham, Chattral and other places. While in Pakistan, he said, his family lived in a camp in Jahangirabad in Bajaur.

Explaining how he managed to escape from the camp, he said that, as he was fed up with the poisonous propaganda and the criminal acts of bandits in the camp, he decided to either live freely and honourably or die.

Pretending to be sick, he got the permission from the in-charge of the camp to come to Peshawar.

He said that, on arrival in Peshawar he spent a night there with his family.

And the next day, taking advantage of rains, he managed to cross the frontier and reach the

Afghan Torkham borderpost. From there he came home.

He said he and all members of his family were overwhelmed with joy when they reached home and thanked God for his escape from captivity in the so-called Afghan refugee camp.

He said that, when applied to the provincial director of education for a job, he was immediately appointed as a teacher in the Fatema Girls' School.

Asked about what he saw and observed during his long stay in the so-called refugee camp, he said: "There are numerous committees in Pakistan which are functioning under the name of Islam. There are also the so-called 'Islamic schools' in Pakistan. But, contrary to their names, these schools are actually devilish dens where the youth and adults are taught the act of killing men and setting fire to public and private properties."

He said that the training in these camps is conducted by American, Chinese and Egyptian advisers. After being trained for three months, the Afghan bandits are given arms and sent to Afghanistan through the frontier posts of Paktia, Bajaur, Chattral, Torkham, Kunar, Speen Boldak and other areas.

He said that before these groups are sent to Afghanistan for killing, and subversion, they are told by the advisors and leaders of the bandits that anyone who will kill such and such Government official will be awarded 500 or 1000 dollars.

He said that he had heard with his own ears that the armed groups were told by the American

advisers to set fire first and foremost to the mosques, in order to discredit the party and the Government of Afghanistan.

Asked what would happen to men who refused to go to Afghanistan and carry out the orders of their masters, Ameenullah said that, in such cases, they have to face a sure death by a firing squad.

Nationalities and Tribes

Kabul KABUL NEW TIMES in English 29 Aug 82 p 2

[Text] For the first time in our ancient history, the Government of the Democratic Republic of Afghanistan has officially declared the equality of rights of diverse nationalities and tribes residing in our single homeland, Afghanistan. Several concrete measures have been taken towards this end by the revolutionary Government.

The Government places particular emphasis, in this context, on equal and active participation of all tribes and nationalities in the reconstruction process of the new and revolutionary Afghanistan and defence of the gains of the revolution and its new and evolutionary phase. It considers active and voluntary participation of the national forces in achieving the lofty objectives of the revolution as a pressing need.

Both the People's Democratic Party of Afghanistan and the DRA Government have reiterated that the great achievements of the Saur Revolution and its new phase in different socio-economic and political spheres belong, without any discrimination, to all toilers, nationalities and tribes residing in this country.

All the countrymen, regardless of nationality or tribe, enjoy equal rights and obligations in building new Afghanistan and bringing nearer the goals of the national-democratic Saur Revolution and, with unity of action, fulfil their national duties along with the party and the revolutionary Government.

With the victory of the Saur Revolution, especially its new and evolutionary phase, in pursuance of the progressive and popu-

lar policy of the party and the revolutionary Government, all-out attention has been paid to the question of nationalities and tribes and the growth of their cultures. Fundamental measures have been adopted for equal participation of the diverse nationalities in the big reconstruction drive of the Afghan society and realisation of the ultimate objective of the revolution, which is a new order void of any exploitation and national oppression.

The Fundamental Principles of the Democratic Republic of Afghanistan, a great achievement of the new and evolutionary phase of the Saur Revolution, has clearly spelt out the popular policy of the party and the revolutionary Government in regard to the question of nationalities and tribes.

It says: "The Democratic Republic of Afghanistan will pursue a policy of equal rights, fraternal fr-

iendship and all-out development of all nationalities, tribes and clans which live in their indivisible homeland, Afghanistan, irrespective of their size, and support solidarity among all nationalities, tribes and clans in their struggles to realise the objectives and aspirations of the Saur Revolution and ensure and guarantee their legal rights."

In the light of the immense value attached by the the party and the revolutionary Government to the role of different nationalities and tribes in building the new Afghan society and together to the national unity of all these forces, it is up to all the nationalities and tribes to further consolidate their solidarity with the country and the revolution by rallying around the National Fatherland Front and other social organisations, which have unbreakable links with the party.

Pushtuns and Baluchis

Kabul KABUL NEW TIMES in English 30 Aug 82 p. 2

[Text] The persistent, heroic struggles of the nations and the people of the world for liberation from the yoke of colonialism, despotism, and exploitation have scored several remarkable victories. Our era is marked by the growing victories of the liberation movements.

The contemporary history of the world is replete

with ignominious defeats of the war-mongering, jingoist, imperialist forces, and the movement of the people for removing all forms of discrimination, oppression and exploitation is determining their destinies.

Our Pashtoon and Baluch brethren have followed a triumphant path of heroic struggle against any

despotic and exploitative domination and aggression.

The Pashtoon and Baluch people, with their lofty anti-colonialist and anti-imperialist traditions, have inflicted crushing blows on the British colonialist policy. The role of the Pashtoon and Baluch brethren has been a decisive one in the anti-colonialist struggles against the British aggressors, and their heroism constitutes a lustrous chapter in the history of national liberation movements.

Forces of colonialism and imperialism, stand in opposition to the freedom and liberation of the people and nations, have always striven, through diverse trickeries, to weaken the unity and solidarity of the Pashtoons and Baluchis and, through conspiratorial designs to impose their exploitation and create tensions.

Under the present circumstances, when the international imperialism led by the US imperialism in collusion with the Chinese chauvinism, and regional reaction are waging an undeclared war against Afghanistan, and they are striving to weaken the solidarity among the peoples of the region.

By arming Pakistan, the US imperialism and Chinese hegemonism disrupt peace and security in the region and the life of the Pashtoon and Baluchi peoples. Our people share common and lofty humane and cultural values with their Pashtoon and Baluchi brethren and have jointly traversed the path of struggle for liberation and freedom.

Common bonds inherited from our ancient history, and experiences of the heroic resistance against the British imperialism have strengthened our ties with the Pashtoon and Baluchi peoples.

PREDATORS

The activities of British colonialism in the Indian subcontinent and its aggressive, predatory policy against the sovereign nations of the region led the struggles of our Pashtoon and Baluch brethren to a new, historical stage in the 19th and 20th centuries. By its insidious policy of "divide and rule", it tried desperately to expand its domination and impose slavery upon the free-born, heroic Pashtoons and Baluchis. It created dissension among the peoples and divided nations. For two and a half centuries, it exploited the great manpower and natural resources of the Indian subcontinent.

But, since the righteous struggle of the masses for freedom, equality and progress ultimately triumphs, the long struggle against the British colonialism also emerged victorious. One of the first popular victories against the British was won in Afghanistan. When the British imperialism was out to extend its domination in Asia, it was faced with the firm unity of the combatant Pashtoon and Baluch brethren and was thus faced with an ignominious defeat.

The exploits and sacrifices of our Pashtoon and Baluch brethren against the British colonialism are a matter of great pride for the future generations. With

every passing day, this high spirit has been further strengthened and constitutes their historical character.

The victory of the Saur Revolution, especially its new, evolutionary phase, as the beginning of a new life for our countrymen and an end to their past miserable life of exploitation, was sincerely welcomed by our Pashtoon and Baluchi brethren. With their concern for the well-being and prosperity of the people of Afghanistan and the blossoming of our country, they consider the achievement of the objectives of the Saur Revolution as a new impetus for the further advance of revolutionary Afghanistan.

Every passing day from the victory of the revolution has brought new steps for transformation of free and independent Afghanistan and this has been a matter of pleasure for our Pashtoon and Baluchi brethren.

Now they share our joy when they notice that foundations are being laid in revolutionary Afghanistan for a new life void of exploitation of man by man.

As the party and the revolutionary Government of Afghanistan uprooted the tyrannies and inequities among the diverse nationalities and tribes of Afghanistan it has also provided the ground for further development of historical friendly ties between our people and our Pashtoon and Baluchi brethren.

Tomorrow, Sunbula 9, when the day of our Pashtoon and Baluchi brethren will be marked joyously in Afghanistan, it will strengthen confidence that the fraternal and historical ties between our peoples is being further consolidated triumphantly. The ties are so deep-rooted and stable that no power can disrupt them.

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AFGHANISTAN

REPORT ON REVOLUTION GAINS

LD150550 Kabul Radio in Dari to Europe 1730 GMT 13 Sep 82

[Text] Dear listeners, after the victory of the National Democratic April Revolution, in particular its new development stage, the conspiracies and armed operations of the counterrevolution emanating from the interference and aggressions of foreign counterrevolutionary forces--especially the U.S. imperialism, Chinese hegemonism and regional reaction--did not let the party and government in peace so as to be able to implement beneficial and public utility plans speedily. However, despite all of this the gains of the revolution during this time have been noteworthy. In tonight's program we will very briefly state the economic gains of the revolution:

The April revolution, as a national democratic revolution, undertook to eliminate feudal and prefeudal relations; to create a national independent economy; to eliminate economic backwardness; to speed up the process of economic development; to industrialize the country; to modernize agriculture and livestock breeding; and to enhance the living standard of the people which specifies, defines and makes possible the process of the evolution of Afghanistan toward an agroindustrial country and subsequently brings into being the materialistic basis of creating a society of social justice. Reaching these goals through ways of noncapitalist development along with the complete solution of the land reform issue can only be achieved by way of scientific planning for socioeconomic development; proportional increase in the [words indistinct] state factor, [word indistinct] in the socioeconomic arrangement of national economy [as heard]; establishing beneficial and effective supervision of the natural resources of the country; training technical cadres and coordinating international economic relations according to national interests through expanding and consolidating economic and technical cooperation with friendly countries.

In order for the goals of the April revolution to succeed and, as a first step toward reaching these goals, consolidating the revolutionary sovereignty of the workers and peasants, maintaining security and creating a secure and peaceful atmosphere for renewing the society has been considered as the first, vital task. Simultaneous with the struggle for creating security, which under the conditions of and undeclared imperialist war against Afghanistan cannot

be viewed as a short-term task, basic changes in various socioeconomic spheres began. As the practical gains of the revolution are the major organizing and testing agents of the masses in the position of defending the revolution, measures toward eliminating feudalism and prefeudalism relations and the radical solution of the land question were considered as a priority and as the (?major content) of the national revolution. Eleven million peasants were freed from the burden of usury, mortgages and interests. The free distribution of 296,000 hectares of land to 296,000 peasant families began.

During the reign of Amin some mistakes occurred in the method of solving the land question which left a serious effect on the results of the land reform and the total volume of agricultural products during the subsequent years. The process of land reform that should have been carried out as a broad mass and peasant movement, was shortened to a limit of an administrative measure. The active participation of the peasants was not achieved. Cooperative movement as the basic foundation of the policy of land reform was not implemented with care. The validity and credibility of land ownership documents was not preserved and the irrigation question was not correctly solved. In planning the land reform the specific class character in the village, industrial feudalism sway in Afghanistan and the necessity of helping to prepare the peasants were not considered. As a result, despite the fact that land reform put an end to feudalism exploitation and dealt a serious blow to big agricultural ownership, it did not result in the organizing and centralizing of the peasants and in renewing class (?relationships) and the broader and greater influence of the revolution in the villages.

After the new state of the revolution serious reforms occurred in the government's land policy. The minimum permissible land ownership was increased to 2 hectares and the development stage of land reform began for the purpose of stabilizing lasting just relations in the villages and in the form of an all-round agricultural development program. The major objectives of this program are: analysis of the previous stage of the land reform; correcting the mistakes which occurred during the previous stage of land reform and the distribution of official land ownership documents; a just distribution of land and water and the organization of relevant documents and departments; organizing peasants and landowners in agricultural cooperatives; an increase in production, trade and social activities of the cooperatives; creating cooperative trade unions on the provincial level; reforming the present system of water distribution and creating basic [words indistinct] in the villages; creating new irrigation possibilities for agricultural lands; the establishment of mechanized farms, the distribution of land to nomads and the solution of the question of their settlement.

To implement these goals, great steps were made during the past 2 years. Some 1,211 agricultural cooperatives--where some 200,000 peasants are organized--were established. Ariana ploughs were freely distributed to the farmers. The sale price of chemical fertilizer and agricultural tools was lowered 20 to 40 percent, and the purchase price of agricultural products was increased 20 to 30 percent.

Four thousand tons of improved cotton seed, 15,000 tons of improved wheat seed, 30 tons of improved beet seed and 9.6 tons of phosphate fertilizer have been distributed to peasants free of charge.

The distribution of chemical fertilizer increased and last year it had increased to 120,000 tons. [words indistinct] hectares of land were irrigated. In addition to this seven major agriculture mechanized centers were established in Balkh, Baghlan, Qonduz, Herat, Ghazni, Jowzjan and Kabul provinces in order to help the state farms, and cooperatives and private peasants where 265 tractors, 80 combines and 50 trucks are in use. The state sector of agriculture was strengthened by the creation of 50 state farms amounting to about 100,000 hectares of land.

The role of the agriculture bank in the distribution of long-term loans has widely increased. Last year debts of more than 3.4 million peasants were written off as a result of which, the production per unit of land and the combined production in agriculture and stockraising sectors increased by 2 percent in 1980 and by 3.5 percent in 1981 compared to 1978. In 1979 in continuation of previous work, the population statistics of the country were completed and for the first time the specific number of Afghanistan population, 15.96 million persons, was established. The (?working population) amounts to 8.5 million persons out of this 43.8 percent of them are active from [word indistinct] point view and comprise the present manpower.

Also in 1979 the general draft of the First 5-Year Socioeconomic Development Plan was prepared. [words indistinct] and transformed the government into a leading and managing center of the national economy. In the area of financial policy the state income in 1980 reached [figure indistinct] million afghani. This shows an increase of 5.8 percent compared to 1979 and 32.4 percent compared to 1978.

The state income from domestic sources in 1980 was more than [figure indistinct] afghani, which shows an increase of 66.1 percent and 59.4 percent compared to 1979 and 1978 respectively; 43.9 percent of the domestic income in 1980 was from the export of natural gas. In 1981 the state income reached 31 billion afghani and the state income from domestic sources was 30 billion [figures as heard] afghani which shows an increase of 27.7 percent compared to 1980. The total state expenditure, including ordinary and development expenditure, in 1980 reached more than 34 billion afghani, the same figure in 1981 was more than 45 billion [figures as heard] afghani which shows an increase of 49 percent compared to the previous year. For the first time the 1980 budget was implemented without borrowing from the Central Bank. This balance was maintained in 1981 despite relative difficulties. The role of the Central Bank in the management of the country's banking system and the supervision of the money supply has been strengthened. Relative [words indistinct] in this area was maintained. The volume of paying loans to the private and mixed sectors have increased. The investment distribution in 1980 plan consisted of 243 projects--193 transitional projects and 50 new

projects. In 1981 the distribution of investment funds to the 249 development projects was carried out in such a way that 84.4 percent was allocated to 184 transitional projects and 13.6 percent to 65 new projects.

The mines and energy industries in 1980, comprised of state, mixed and private sectors, were directed toward fundamental and [word indistinct] changes. The development of the state sector in industry is the key to the industrialization of the country. In 1980 some of the producing enterprises even produced more than the plan, like Jangalak factory, chemical fertilizer factory and Naghlo power station.

In the production of natural gas in 1980 an increase of 19.9 percent and 13.4 percent occurred compared to 1979 and 1978 respectively. Also the price of gas to the Soviet Union, from 21 March 1981 increased by 30 percent. The total revenue from this has reached more than 13 billion afghani. Also in 1981 the exploitation of coal and the production of chemical fertilizer increased by 4.42 and 5.5 percent respectively. In the first 6 months of the year the process of ginned cotton, the production of [words indistinct] and vegetable oil increased more than the plan. In 1981 the construction work on some transitional projects ended.

After the victory of the new stage of the revolution the incorrect attitude toward the private sector was corrected. This resulted in the relative stimulation of the private sector. The value of electric power distribution in 1980 compared to 1979 and 1978 increased by 2.6 percent and 16.3 percent respectively. In the first 6 months of 1981, especially the survey work of the 220 k-volt transfer line from the border of the Soviet Union to Kabul, which is of great importance in providing electric power for production centers, was 90 percent completed.

In the commercial sector in the years of revolution notable improvement has occurred. The country's foreign trade in this period was significant. Exports in 1978 rose from \$321.8 million to \$717.5 million in 1981. Imports increased from \$407.8 million to \$575.3 million in the same period, according to which the balance of payments indicates a difference of [word indistinct] 142.4 million dollars.

What is important as a fundamental index in Afghanistan's foreign trade, especially after the victory of the new development stage of the revolution, is that the ratio of Afghan foreign trade with the member countries of the Mutual Economic Assistance Council has been considerably increased. This figure is 71 percent of the country's total foreign trade which shows healthy and revolutionary [word indistinct] in the economic international relations. The condition of domestic trade has noticeably improved. In the communication and transportation sector an improvement has also taken place. The government transportation centers have broadened and the private and mixed transportation unions have been strengthened. The (?circulation) of land transportation in 1981 increased by 17 percent compared with 1980. In the state sector this increase amounts to 67.4 percent which shows an increase of 5 percent compared with 1980.

DRA COMMERCE MINISTRY INCREASES CHICKEN MEAT IMPORTS

LD142226 Kabul Domestic Service in Dari 1600 GMT 14 Sep 82

[Text] A routine session of the Executive Committee of the DRA Council of Ministers was held yesterday afternoon in the Council of Ministers Headquarters, and was chaired by Soltan Ali Keshtmand, member of the PDPA Central Committee Politburo and chairman of the DRA Council of Ministers.

At this session a report from the Ministry of Commerce about the import of poultry to meet the needs of the citizens of Kabul, was heard. In accordance with the measures taken there will be a noticeable increase in the import of chicken meat. It is envisaged that during the next few months in the region of 300,000 kilograms of chicken meat will be imported and will be distributed to the citizens of Kabul through the slaughterhouse in Kabul. The distribution of chicken meat is continuing at a price of 120 afghanis for 3 kilograms.

In order to meet the needs of the people for essential foodstuffs, measures have recently [been taken] for the Ministry of Commerce, through its respective institutions, to import 12,000 tons of cooking oil and 10,000 tons of rice from abroad and to distribute these to the inhabitants of the country at suitable prices.

In accordance with the instructions of the Council of Ministers, the Ministry of Commerce, through its relevant departments, will import other basic materials needed by the inhabitants, such as tea, powdered milk, soup, matches, rubber shoes, clothing material, household commodities and other needed goods, in sufficient amounts. The contracts for their purchase were concluded earlier.

The above measures have been taken to stabilize prices and to provide the basic needs of the people and these efforts will be continued in the future.

CSO: 4665/34

ALGERIA

ALGERIA'S MEDIATION IN IRAN-IRAQ WAR EXAMINED

London AL-DUSTUR in Arabic No 245, 2 Aug 82 pp 26-27

[Article by al-Salami al-Husni]

[Text] The Algerian position. Last 13 and 14 July when the Iranian attack on Iraqi territory was launched near the Shatt-al-Arab, President Chadli Bendjedid immediately received a report from one of his advisors on the escalation of the Iraqi-Iranian war. Based on private Algerian estimates and Iranian statements accompanying the attack, the report indicated that the Iranian forces would reach the outskirts of Baghdad within 48 hours of the attack and that to achieve this objective, Iran had assigned the most important formations and units of its military forces. Immediately after receiving the report, President Bendjedid ordered the Algerian information apparatus to reflect a cautious view and affirm that Algeria would not approve of Iran's invasion of Iraq. AL-JADID and AL-SHA'B actually published articles along this line beginning 14 July and implicitly and explicitly criticized Iranian intentions, but they changed their mind after only 2 days, satisfying themselves with what the world news agencies reported. Was Algeria surprised by Iraq's ability to repel any attack on its territory or did the Iranian-Algerian contacts made during the period induce President Chadli Bendjedid to accept the Iranian version of the situation which supports the invasion of Iraq with an inability to complete it?

The fact is the Algerian stand on the Iraqi-Iranian war is limited to the need to stop it. At least that is what Algerian officials say in their contacts and meetings both with the concerned Gulf countries and at international meetings. But this stand conceals other calculations of Chadli Bendjedid's commitment. The most significant of these calculations is the undertaking of the same role as his predecessor Houari Boumediene in 1975, i.e., mediation to end the war. A follower of Algerian foreign policy observes that mediation has become the principal goal that Chadli Bendjedid wants to reach in any shape or form because he believes Algerian influence in international and Arab policies will be restored through successful mediation in the style of Boumediene. Algeria undoubtedly reaped great benefits from its mediation in the matter of the American embassy hostages in Tehran. The most important benefit was the perceptible

improvement in Algerian-American relations, particularly in the economic area. That mediation also gave Chadli Bendjedid what he was looking for since he assumed the presidency, i.e., to prove to the Algerians that he is not the colonel whom Boumediene appointed military governor over the Oran region to stay there all his life and that he can undertake to fashion a policy of his own, one more effective than his predecessor's. However, to achieve this goal, Algerian diplomacy has relied on an experienced man and negotiator, namely, Mohamed Seddik Benyahia, who died in an airplane crash over Iranian territory. He was replaced by Ahmed Taleb Ibrahimi, another experienced individual, but with an approach opposite that of his predecessor, for he is unable to solve the problems that confront him except by exerting strong pressure. He has good relations with American circles, and he uses his father's Islamic legacy to place an Islamic halo around himself. All these qualities incline him to admire what he calls the "Iranian example." Moreover, since he became an advisor of Bendjedid, he has been regarded as "a man of the Steadfastness and Confrontation Front," including its political stands on both the Iraqi-Iranian war and the Palestinian issue. These are stands the reality of which became clear after the Israeli invasion of Lebanon and the Iranian aggression against Iraq. Like his associates in the "front," Ibrahimi does not hesitate to assert that Israel's supplying Iran with weapons is not confirmed, despite statements of both sides to this effect. Ibrahimi is also one who carried Iranian "assurances" to the governments of the region in the name of his associates that Iran does not intend to invade Iraqi territory.

However, developments in the situation both in the Iraqi-Iranian war and in Lebanon have given Chadli Bendjedid special incentives to search for some role for Algeria whose absence from the international area and engrossment in its internal problems has become embarrassing for Chadli Bendjedid domestically. The person charged with working out this role is Prime Minister Ahmed Taleb Ibrahimi who is interested in playing a successful personal role.

Therefore, when Iranian aggression against Iraq began last 13-14 July, the first thing Ibrahimi did was to contact the Iranians for an "explanation." It was agreed that Iranian Prime Minister Mohsen Musavi would visit both Algeria and Libya to explain the situation. Informed sources say the purpose of the visit was not only to explain the situation so that Iran would not lose the Arab states that have been more or less on its side, but to encourage Algeria to mediate the war. That was after the failure of the Iranian attack which the Iranians fancied would bring them to Baghdad. Some Algerian officials believe as a result of faulty calculations that the operation would not take more than 48 hours.

Musavi arrived in Algeria on 17 July, i.e., only 4 days after the aggression against Iraq and met twice with President Chadli Bendjedid. He studied with Prime Minister Mohamed Benahmed Abdelghani bilateral cooperation and toured the towns near the capital Algiers. It was as though the visit was not the visit of the head of a foreign government attacking an Arab state.

The atmosphere, as described by the newspaper AL-MUJAHID, was a brotherly atmosphere between the two parties, Algeria and Iran. Just before leaving Algeria, Musavi held a press conference in which he spoke in particular about the Iraqi-Iranian war, repeating the familiar Iranian terms for ending it. The least of these terms is regarded as interference in the internal affairs of Iraq. Nevertheless, the Algerian media reported, in honor of the distinguished guest, the charges that he made against Iraq and the peace terms no less, naturally with due regard for the differences between the two situations, than Menahem Begin's terms for the Palestinian resistance.

Two days after the visit, an announcement was made in Algeria about a mediation effort that Algeria desired to undertake to end the war and a continuation of the mission that Mohamed el-Sadiq Benyahia was carrying out...It is not known whether the mediation planned in agreement with the Iranian prime minister will be on the basis of the Iranian terms or in line with new Algerian ideas not yet disclosed.

At any rate, nothing that happened during the visit indicates that the Iranian prime minister proposed anything new that could lead to peace. However, doesn't the matter also depend on the summit meeting of heads of nonaligned governments and states that is to meet in Baghdad this coming September? The statement issued in Algiers after the visit mentioned that the two parties also discussed the nonaligned summit meeting. Iraq is known to be demanding that the summit be moved from Baghdad to some other place....Did Algeria accept this Iranian proposal in its desire to act as a mediator to shift the conference site?

Thus far it does not appear that the mediation announced in Algiers has clarified its real objectives, but it is certain that this mediation will satisfy only the Algerian desire to emerge from the vacuum in its diplomacy and accede to the Iranian terms only as long as they do not include anything new, whereas the question of peace and ending the war now rests on one thing, namely, Iran's refraining from aggression against Iraq. As for the nonaligned movement which did not assign Algeria any role in it after the death of Boumediene, it will hold its summit, as was decided, in Baghdad after the great majority of member nations agreed to attend, and preparations have reached the final stage. However, Iran has not given up hope of being able at least to delay the summit, that is with the help of states of the "Steadfastness and Confrontation Front," which sees in Iraq's leadership of the nonalignment movement a danger to it.

The question that was directed at the Iranian prime minister in the Houari Boumediene International Airport was:

"Will Iran attend the nonaligned summit after Iraq invited it?" Musavi answered the question by saying: "If the conference is held" is in reality a question directed at some of the small Arab states headed by Syria and at Algeria as well. If President Chadli Bendjedid who wants to maintain the position of his country within this movement stays away, he will personally confirm the criticism swirling around him in Algeria that he cannot

maintain Algeria's role in the international sphere. If he attends the meeting but his "associates in the Steadfastness Front" do not, he will be subjected to pressures that it is not certain he can resist. This confusion is what made the Iranian-Algerian talks on this subject so heated and made the Algerian party choose to mediate the Iranian terms to end the war in return for the other side overlooking the presence of Chadli Bendjedid in person at the nonaligned summit in Baghdad. But the success of the mediation is doubtful for one reason, namely, it heeds only Iranian demands. Will the presence of Chadli Bendjedid at the Baghdad conference protect only Algerian interests and its role or will it be a sacrifice to the pressures that it does not appear President Bendjedid can now escape from or at least not defer to?

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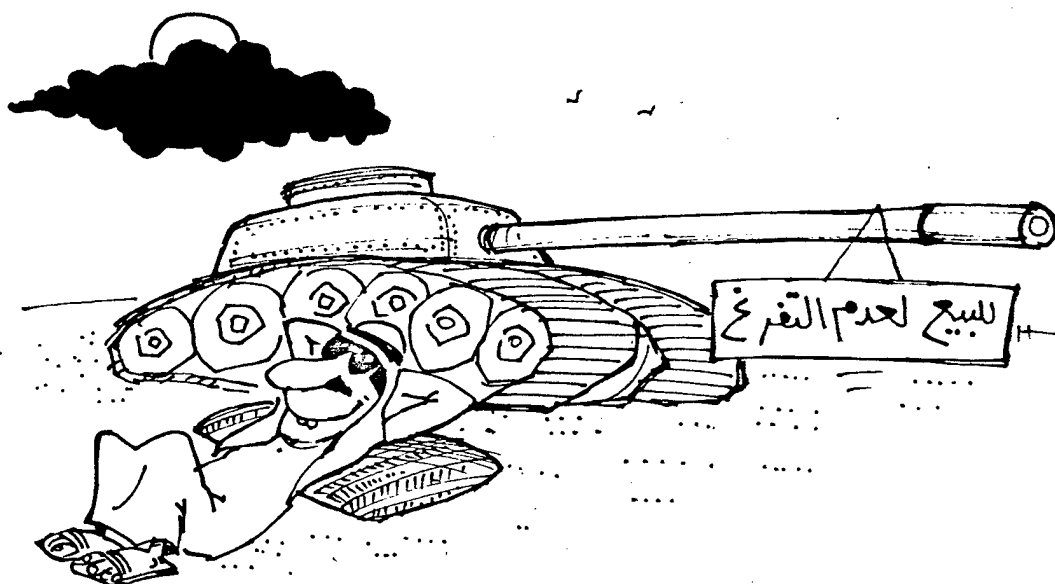
CSO: 4504/454

ARAB MILITARY INACTION SATIRIZED

Manama SADA AL-USBU' in Arabic No 574, 7 Sep 82 p 7

[Cartoon by Khalid (Zabbari)]

[Text]



FOR SALE--NEVER USED



ARAB ARTILLERY

CENSUS SHOWS MORE WOMEN IN WORK FORCE

Dubayy KHALEEJ TIMES in English 23 Aug 82 p 4

[Text]

MANAMA — The latest census reveals a dramatic increase in the participation of Bahraini women in the country's total workforce over the past decade. During the same period Bahraini men have also been moving into high-skilled jobs.

These two broad trends merge from the analysis of the structure of the Bahraini labour force as explained by the Director of Statistics, Shaikh Mohammad Al Khalifa.

Bahrain's Directorate of Statistics has been processing the data collected through 1981 census for the past many months.

Compared to other Gulf states, Bahrain can now claim the highest rate of participation of its own nationals—both men and women—in the changing structure of country's labour force.

The comparative figures for 1971 and 1981 are: Total labour force (1981): 146,133. Bahraini men: 52,460 (compared to 30,102 in 1971) and women 12,175 (compared to 1,848 in 1971). There is an almost

six-fold increase in the participation of Bahraini women in the labour force.

The movement of Bahraini men to higher skills is reflected in the fact that compared to 1971 their percentage in professional / administrative / executive positions has risen and that of non-Bahrainis has decreased over a ten-year period.

According to the census figures, out of a total labour force of 146,133, non-Bahrainis still account for 81,497 and Bahrainis 64,636. But the rate of Bahraini participation has risen dramatically, primarily because of an increased participation by women. The number of non-Bahraini women in the labour force is put at 7,149.

The director of statistics emphasised that the results of the census indicated that the basic objectives of the government policies for increased Bahraini participation had been achieved and the plan to induct 10,000 Bahrainis in high-skilled jobs in future were well conceived.

The census operation, he stressed, was a tool for the planners to review the development programmes and the analysis of the labour structure was important not only for Bahrain but for the Gulf area as a whole.

CSO: 4400/473

MOSQUES URGED TO PROMOTE TOLERANCE

Cairo THE EGYPTIAN GAZETTE in English 27 Aug 82 p 2

[Text]

THE Minister of Wakfs Sheikh Ibrahim el-Dessouki appealed to mosque preachers to refrain from dealing with political subjects in their Friday prayer sermons. He pinpointed the need to keep away from political parties' disputes.

Addressing mosque preachers and sheikhs representing the governorates at a closing session of a conference which began in Cairo earlier this week to discuss the best ways of propagating the proper Islamic teachings Sheikh Dessouki urged them to concentrate on topics of purely religious nature.

The Minister also exhorted mosque preachers to abide by the principles of Islam and to show wisdom and moderation as well as refrain from any discourse that may lead to agitation.

«We work in one of the noblest fields the call for righteousness.» said Sheikh Dessouki adding that this can never be achieved by mere talk «Actions speak louder than words and the preachers should demonstrate tolerance in order to give an example to the people» he said.

— GSS

CSO: 4500/292

MINISTERS, MANAGERS, WORKERS DEBATE PUBLIC SECTOR CONTROL

Cairo AL-AHRAM AL-IQTISADI in Arabic No 709 16 Aug 82 pp 16-19

/Article by 'Imad Ghunaym: "People's Opinions on the Future of the Public Sector Differ"/

/Text/ Economists and management personnel are continuing to express reactions on the Ministries of Economy and Industry's draft on developing the public sector. That draft is now being presented for study to the higher policy committee under the chairmanship of the prime minister, preparatory to the submission of a final formulation for the draft law on developing the public sector which the government will present to the legislative assemblies for agreement.

Through a review of the conclusions of symposia and conferences held and the opinions expressed during discussions of the Ministry of Economy and Industry draft, it appears that there is more than one point of view regarding the form and method of developing the public sector. In addition, the General Federation of Workers has declared its rejection of the draft and has presented five reasons in justifying this rejection.

The discussion on public sector development began in 1978 when a draft on development was presented by the specialized national councils. After that, the submission of other drafts to develop the public sector followed in succession: some were issued by ministers, such as the drafts by the former minister of industry and the minister of state for finance, and Dr 'Abd-al-Razzaq 'Abd-al-Majid's notions on the features which the form of development should embody. Other drafts were presented by non-governmental bodies, such as the National Democratic Party's draft, the National Grouping Party's draft, the principles the Consultative Assembly proposed and the ideas which were presented on public sector development at the economic conference.

The last draft presented by the Ministries of Economy and Industry has received special attention because it coincided with the start of the discussion on the new draft public sector law in the Council of Ministers, preparatory to the issuance of the latter.

Three Directions

In reviewing the conclusions of the discussions which have taken place on the development drafts, in particular the joint Ministry of Industry-Ministry of Economy draft, it appears that there are three main directions in which the various views on development have been proceeding. These are the government's direction, embodied by the views of the ministers concerned with public sector units, the direction of the economists and company leaders, and the direction of the General Federation of Workers.

The most important feature of the first direction, as is apparent from the drafts the ministers presented, is the continued dominance by ministers and government agencies of the supervision of public sector units. This is evident from the method for forming the national authorities proposed for these units as well as the method for forming company boards of directors and general assemblies. The draft is obscure on the form of government representation in the ownership of public sector capital; it does not include an application of the slogan of separating ownership from management. The draft permits the companies to correct the disruptions in their financing structures outside the context of the government budget if so required. A modification will also occur in the rate of workers' representation on the boards of directors of the companies in accordance with the draft, and there will be further modification in election methods. The draft devoted attention to the issue of improving the administrative bills regulating work in the public sector, with the purpose of increasing their flexibility and giving boards the freedom to manage and set out appropriate systems of incentives and wages.

The second direction, which economists and administrators embrace, insists that the first step toward development must occur through the total liberation of the public sector from dominance by the government, nonintervention by ministers and administrative agencies in the administration of the sector, elimination of the application of government bills and laws to companies, the grant of full powers to these companies' management so that they can operate them in an economic fashion, removal of public sector products from the subsidization program, the rectification of disruptions in these companies' financing structures by diversifying sources of financing, and modification of the wages of these companies' leaders and the people working in them in a manner which is in keeping with the wages prevalent in the market.

The third direction is embraced by the General Federation of Workers. Although the federation has not presented a detailed draft on the future of the public sector, the features of this direction are clear from the federation's responses to the drafts that have been presented. It is clear from these that the federation does not reject all efforts which will have the effect of improving the economic circumstances in which the companies are functioning if they do not ignore the social purposes for which the public sector was founded, and that it holds that the companies' financing structures can be rectified by solving the problem of the economic and social prices of products, which is the government's responsibility, provided that these solutions not occur by increasing prices in ways damaging to the citizens. The federation insists that the ownership of the public companies clearly remain with the government and rejects all attempts to sell public sector

company shares to solve liquidity problems either to private companies or citizens, out of fear of harm to the domestic economy, as well as infringements upon the proportion of workers' representation in the boards, which is one of the workers' socialist gains.

Positive Principles

This is as far as the three main approaches to development of the public sector go. Each of them intrinsically harbors certain disputes ranging from severity to flexibility among the people adhering to each given approach. Before detailing the positions of all these approaches concerning the basic public sector issues, one must point out that the joint draft of the Economy and Industry Ministries contains a number of positive principles which might in fact contribute to the development of the public sector units. Among these are:

The need to strive to regulate and guide imports so that it will not be permissible to import any commodities that are produced locally in abundant quantities in accordance with standard specifications and at high quality to cover local market requirements at suitable prices. In the event local production is not sufficient to cover the market, it will be permissible to import within the limits of local production shortages only.

Attention to coordination in the field of taxes and customs duties, keeping the duties imposed on products imported in completely manufactured form in line with raw materials, production accessories and components, while reviewing the customs exemptions stipulated for certain economic sectors, in order to inspire local industry to enjoy a position equal to that of imported equivalents.

The effort to provide investments in an adequate volume and to provide the necessary financing, local or foreign, at the proper time, in order to carry out commercial activity and investment plans without delay.

In spite of the obvious positive features these principles embody, many experts complain about their ability to produce effective results, in light of continuous intervention by ministers and government agencies in the management of public sector units.

Let us now move on to review the positions all three approaches take regarding the major issues facing the destiny of the public sector. Experts unanimously agree that there are six main issues which embody the problems that must be radically solved if we intend to develop the public sector. These issues are: methods for defining government ownership of the public sector units; recommended forms of workers' representation on these units' boards of directors; optimum methods for administering public sector companies; the issue of government bills and laws, which these companies are suffering from; methods for leading to a radical solution to the problem of public sector product pricing; and finally--perhaps the most important problem--the way in which disruptions in the financing structures of the public sector units can be set aright.

The people following the three approaches differ greatly over the means for remedying these problems. There is also a rapprochement in views on methods for solving some of these problems.

Ownership: How Is It To Be Represented?

Who will represent the government in public sector ownership?

The joint draft of the Ministries of Economy and Industry stipulates that supervisory responsibility over the public sector units lies with the ministries to which they belong. It recommends that a number of national authorities be formed to "help" the ministers plan, coordinate and follow up on companies lying in the jurisdiction of their supervision and that these authorities be the government's representative in the ownership of company stock. These authorities should consist of a board chairman, five board chairmen of companies belonging to the sector, one representative each for the Ministries of Finance, Economy, and Planning, and five specialists. The authority's board should be appointed by decree of the president. The draft considers that the board of directors of the authority, under the chairmanship of the minister, should be the economic unit's general assembly and grants it all powers to audit the company, including the adoption of decisions to liquidate the company if that is necessary. On the issue of ownership, all the drafts economists and administrators have presented agree that the existing public sector units should be combined through a number of ties, with each tie to be governed by a holding company; the combination should be governed by geographical proximity, integration among these companies' economic activities, or the specific nature of economic activities, such as oil and energy, if it is not in the public interest to break these up. The holding companies would have an independent legal identity and separate financial liabilities, with complete power to manage this money without intervention from the government's administrative system. The holding units would be run by boards of directors on whose appointments republican decrees would be issued, provided that the administrative members of these units be specialists and high-level experts and limits should be placed on reliance on representatives of the government's administrative system, except in the case of representatives of the Ministries of Finance, Economy and Planning. To this formation, the specialized councils' draft adds that a development council should be established to be chaired by the prime minister and to include the ministers of finance, economy and planning, the governor of the Central Bank, and the heads of the holding units, to supervise the public sector while not interfering in the companies. In accordance with this recommendation, a Ministry of National Development would be set up which would carry out the activities of the public sector's financial technical secretariats. The General Federation of Workers, which adheres to the third approach, supports the notion of having ownership of public sector companies vested in the National Investment Bank and having the national authorities replaced in the Economy and Finance /Ministries' draft by the establishment of branches for all economic activities within the bank, to supervise the companies whose economic activities are subordinate to the branch. Dr Rashid al-Barrawi, the federations' economic consultant, explains the rejection of the national authorities on the argument that remedying the public sector's problems cannot come about by establishing more supervisory agencies and bodies but that it will be sufficient to have a single unit represent the government in the public sector units. In addition, the federation

rejects including the power to liquidate or sell companies within those of the companies' general assemblies, as the Economy and Finance draft allows. It stipulates that this liquidation should be carried out by law and if it is desired to sell a public sector unit it will be necessary to sell it to another public sector unit, lest the ownership of public companies slowly be apportioned to international companies, which would harm the domestic economy.

Management

On the system for managing the public sector, the Economy and Industry draft placed the responsibility for supervision, planning, coordinating and followup of public sector companies on the competent ministers, who would be assisted in this objective by the national authorities. The latter would also be given the responsibility for periodic followup, coordination, investment and profitability and for setting forth policies which would guarantee coordination among the economic units connected to the sector's overall activity. Although all of these powers are management powers, the draft stipulates that freedom is to be given to economic units to manage their companies in the light of the goals the ministries set out, in order to realize the principle of separating management from ownership.

As for economists' views on the management issue, these hold that full freedom must be granted to the companies' leaders to administer them, under the supervision of the holding units, including dealings with investors and diversification of financing sources, that the competent ministers or their agencies should not be given any power to interfere in the companies' activities, and that these companies' boards should be held to account through the general assemblies. The third approach, the one the General Federation of Workers embraces, is in agreement with the platform of liberating public sector company management from interference, on condition that the percentage of worker representation on these companies' boards be retained, since the elected members embody a guarantee that these companies' activities will continue to progress in a direction which will serve the society.

Getting Workers' Representation

On methods for getting workers' representation on the companies' boards, the Economy and Industry draft recommended retaining the proportion of elected board members so that that is equal to the proportion of members appointed from within the companies, but added that two experts from outside the company should also be put on the board, at which point the proportion of elected members would be 40 percent, not 50 percent as is the current case. The draft also stipulated that the elected board members have the suitable qualifications to be effective board personnel and recommended that the trade union council nominate the elected members, rather than having direct elections. The gist of the economists' views on the method for getting workers represented on boards, going by the presentations made at various conferences, is that one must not commit oneself to a specific percentage in getting elected workers represented on boards but rather that the criterion must be the effort to raise the administrative capability of elected workers so that they will be able to play their part on the board. The Workers' Federation rejected a reduction in the proportion of representation of workers on the board to 40 percent, as recommended in the draft of the Ministries of Economy and Industry, but insisted

that the proportion be kept at 50 percent, considering that that is a constitutional stipulation and one of the socialist gains workers have won. On the statements repeated concerning the poor administrative level of elected members, federation officials stated that it would be possible to hold training courses for them to raise their levels in the field of administration, but the federation was not in agreement over disturbing the 50 percent principle.

Financing

On the method for rectifying the financing structures of public sector companies which suffer from disruptions in these structures, the Economy and Industry /Ministry/ draft claimed that the government had to interfere to provide the necessary liquidity for these companies. As a further alternative, it implicitly permitted the companies to offer some of their shares on the market to provide the necessary liquidity and meet the deficit. Economists consider that in the context of liberating the public sector companies, it is necessary to permit them to diversify their financing sources, including participation with international and private firms, and to offer stocks for subscription to eliminate the problem of liquidity and give these companies the power to develop their activity in a manner serving their economics.

The General Federation of Workers totally rejected the principle of selling parts of public sector companies to firms or offering proportions of their stock on the market, out of the fear that these stocks would ultimately fall into the possession of an international or private company. As Dr Rashid al-Barrawi said, following this method of dealing with financing problems is very dangerous, because sooner or later it will result in the liquidation of the public sector or its dominance by foreign elements, which will damage the national economy.

Pricing

As regards the issue of the pricing of public sector company products at below cost, people adhering to the three approaches agreed that it was necessary that the government directly defray the difference between the economic and social costs of commodities, by paying this difference out to the producing companies or by having the Ministry of Finance buy the commodity at its economic price then sell it at the price it considers appropriate to citizens, in order to bring the companies out of the subsidy program and limit losses resulting from pricing.

Laws and Bills

In addition, as regards the current laws and bills regulating the management of the public sector and bills on wages, the three approaches unanimously agreed that it was necessary to develop them and liberate the companies from these rigid bills, by allowing each company to specify its own bills or by codifying specific bills for companies whose circumstances were similar, in order to eliminate the phenomena of late attendance, the flight of competent personnel and other administrative problems. The General Federation of Workers had reservations regarding approval of the principle of termination, rejecting tampering with existing stipulations, which spell out the reasons and conditions for termination.

These are the various points of view which involve the process of the development of the public sector, which is now going through one of its most delicate stages, now that the Council of Ministers has taken the initiative of starting to discuss the matter before the higher policy committee preparatory to issuing the law, which has long been awaited by various bodies. Officials, in discussing this issue, must now set forth the views and desires of all the parties with close links and interests in the development process and must not content themselves with the views of the competent ministers alone, so that they can come up with a law which really will guarantee that true development occurs in the public sector companies.

11887

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THEORETICIAN CALLS FOR REFORM IN OPPOSITION OUTLOOK

Cairo AL-AHALI in Arabic 11 Aug 82 p 5

[Article by Dr Yahya al-Rakhawi: "Opposing the Oppostion -- a Vital Necessity!"]

[Text] There is no doubt that there is now, and perhaps always has been, a strong opposition in Egypt. It asserts its existence in permissive times, just as it asserts its existence in crises of repression. No doubt this opposition has its own logic, its own planning and its own hopes. In my estimation it is a stubborn, persistent, emphatic and serious opposition.

Perhaps the Grouping Party (especially its intellectual personnel, those above its lower-level workers, represent what I just mentioned more than others do. The circumstances of the other wings of the opposition are temporary (the Labor Party, which was born through adoption, then decided something different, and so on; the Liberal Party, which I consider to be a sincere group of people and a provocative newspaper but do not find on the streets; and the party of religious societies, a secret party with a single view which is not concerned with the subject this article is concentrating on). Therefore, I find that this "grouping" might be the object of the special attention of this article, if that is of interest to it.

After the Beginning: The Confrontation Forces

This article will try to answer the question, who is this opposition opposing? And who is opposing it?

In spite of the government's apparent strength, I am bewildered, in replying, to look about me on the streets in search of spontaneous discussions that would represent two viewpoints, not one, then I resume enumerating the forces facing the opposition. If they are not confronting a point of view, who are they confronting?

1. They are confronting official announcements in the nationwide papers, which basically take the form of articles or reports issued by the authorities, under the inspiration of the authorities, or through calculations of the directions of the way the authorities are moving.

The people's confrontation of the government, "even if they are wrong," if there are no people among them, even if the government is good, is basically a fruitless confrontation.

(Please review the article by the minister for the People's Assembly on change, whose gist, as I have informed, is that as long as the new president intends change, with God's blessing, be calm and do not rush him, lest he go back on his word, or, succinctly, because that is wrong.)

An observation: this criticism does not mean that I am in favor of rapid change. Rather, I would be happier with the results of change if people emerged to oppose it from a position of another point of view," not from the position of "whatever you say -- but be quiet."

2. They are then confronting the authorities' real forces as embodied essentially in the police and the army (the protector of constitutional legitimacy!), and the laws that are in being and have been drawn up.

The people's confrontation of fire power or decrees may end up in favor of the people who hold the power temporarily, but it will not create ideas, people, development or a common political environment.

3. After that, they are confronting the authorities' traditional religious and tribal forces, which are prepared to apply Islamic law, for example, through bribery and hints both, and might in case of a real dilemma be compelled to declare people heretics (under the category of obligatory precautions).

Similarly:

If democracy is a matter of opinions and opposing opinions, I can hardly make make out anything but "opposing opinions," and an absence of "opinions," in the climate that exists now. Perhaps the confrontation that is taking place is in reality between "opinions" and "opposing acts," between "opinions" and "opposing swords," between "opinions" and "opposing promises," between "opinions" and "opposing orders," and so on.

A Deluded Joy

The opposition is almost joyful over all this, when it imagines that the lack of opinions to confront is proof that it alone is in possession of the valid opinions. It then concludes that it is the force that represents the people (all the people) or that it is "the people," while the others are "aliens" - that is, if they exist at all (after one rules out thieves, middlemen and the people who exploit them). This joy is a great delusion, whose dangers most of all affect the opposition itself, because that means that the opposition is prohibiting itself from holding a real dialogue which in its depths might reveal points which will be of benefit to it, develop it and, when the time comes (see the second paragraph), help keep it from turning into another form of tyranny or rule by monologue and decree. I take pity on the opposition, for this state of joy, although I differ with it, and might remind it that a one-sided contest is not a contest and that it is depriving itself of development and training out of its joy at its adversary's weakness. (See the World Cup championships and compare Italy's performances against the strong teams and the weak ones, German's performances against Algeria and France, and so on.)

However, it is obvious that it is not the opposition's responsibility to train its adversaries in superior logic and objective dialogue, to fire it up with faith in what it says in order to convince people of what they ought to believe in, or to warn it against contenting itself with votes in elections as a result of tribal disputes (the fanaticisms of families and village chiefs), letters of recommendation or promises of jobs and permits. That is not its responsibility; rather, it is its right to hope and strive for a strong, brave adversary who will increase his own strength and not force it into a position different from the one it declares.

An Excess of Light

It appears that a continued concern over the absence of real, distinguished opposition views is automatically enticing the opposition to assimilate secondary ideas. We find it adopting religious views which, in their deepest sense or complete form, are "traditional." It is anxious to defend any provocative rejection movement, even if it cannot sustain its principles or will not bear the responsibility of presenting true, effective alternatives. Perhaps that is the most elementary point in the game of politics, in the distinction between tactics and strategy, but its danger in a country which has not essentially been familiar enough with differences of opinion, and beneficial regularly changing forms of government, is one that anyone who imagines that democracy is necessary and beneficial must take into account. (This danger is greater in the case of a generation which has not experienced true intellectual struggles and has not entertained fundamental differences which reach the point of discussing and defending atheism.) Perhaps the name of the "Grouping" Party indicates this attempt at a concoction, and perhaps it is a tentative necessity, or I do not know what.

Lying in Wait To Assault

The danger of the opposition's joy over its own muscles, and the disappearance of strong competitors, lies in the fact that the opposition is contenting itself, unconsciously, to fight an unknown enemy who is lying in wait to assault it rather than confronting responsible opinions which arise from convictions born of the streets and clear alternatives. The ruling party is not essentially a party -- it also is a "grouping." However, it is a grouping of a different kind. The destiny of all its transplants is inevitable, for what is built on futility is futile; as a result, it adheres strictly to its positions with all the abovementioned authorities' powers. It will ignore no "constituency," "meeting place," "press release" or "import permit." Therefore the confrontation escalates, compelling the opposition inevitably to threaten violence (so-called revolutionary violence), at which point all the enemies of mankind and so forth feel joy. I think that the opposition fully realizes this, and perhaps is prepared for it, but from a distance I can consider that I, a citizen who holds hope, will lose in any case, because, if the violence of the opposition succeeds, it will change the signs but not the nature of the stage (see the second paragraph). If the government's violence succeeds, it will lead to a new fiasco; and in the best of cases the performance of the old "first act" will be rerun (in another 30 years), starting with the events of March 1954. There is nothing more dangerous for democracy than the success of Sawi Ahmad Sawi, except the success of a person of unknown identity.

The (French) Solution or Mitterrand's Dream

Sincere people in the opposition, who see calamity on both sides, dream of the French Mitterrand solution, and I dream along with them, in spite of our differences, but rule out the fact that it will be achieved, in a state of despair, because the possibility that the opposition will get just one-third of the seats in the People's Assembly (it has 51 percent in France) is ruled out by all the legitimate authorities (in order to preserve the legitimate order!). Similarly, the opposition's concern to develop democratic activity on its behalf and the behalf of the country is suspect because of its anxiety to assimilate "every force," "every enthusiasm," "every devout person," "every guerrilla" and so on. In addition, I doubt that it can sustain real differences, in the sense that it can imagine that there is "any other truth" besides its own (just imagine it). In this situation, it is the opposition, of its own accord, which is helping to eliminate this "Mitterrand" option, especially when its success increases sufficiently. Such a solution requires serious, deep preparation which takes decades. All impatient persons are afraid of waiting; they may be right or they may not, but there is no alternative to waiting, because that is dictated by the components of the proper exercise of democracy. The opposition might be better able to understand the need for this proper exercise if it really planned (not just tactically) to preserve (really, and not as a facade) the exercise of democracy after it assumed power (in the style of Mitterrand, not the military fashion). Is that what it intends to do?

Can it do this?

The Dream

My fantasies, as I imagine them, continue until the opposition comes to power, through the neglect (or despair) of the people protecting the public and the legitimate order (through inheritance, a bequest or the like); I imagine it reaching the seats of power by constitutional means (he said, "It obtained a majority of seats in the People's Assembly" -- see how), and starting to carry out its promises, one after the other, quietly, patiently and insistently.

The authorities of the past start to rally together in the form of open parties which conduct dialogues, give answers, compare the opposition's old promises and the difficulties of carrying them out, review alternatives, and mention individual judgments. The new government tolerates them and takes those of their opinions that are positive (how sweet! the dream is still on). The dialogue grows and continues until elections are held again, after one or two terms of government, and the skirt of opposition returns to the ranks of the opposition. At that point, we might wish that it would have some force that would confront it truthfully and sincerely, in spite of differences in approach.

I, as a participating citizen who has failed to dye his skin a permanent color, go, vote for these people sometimes and for the other people sometimes. I follow up on the real contributions which are taking the place of the promises on the pages of newspapers and in electoral circles in people's homes, minds and consciences. I vote but do not take part in referenda; I vote for the opposition on one occasion and the opposition to the opposition on another occasion, according to the success of each in carrying out promises and bringing about a desirable state of affairs.

The Awakening and the Reality

Suddenly I awaken from the dream and find that these open parties which are in opposition to the new regime have basically been afraid of organizing themselves. They remember the former "power centers," and, in place of that (an open opposition), form secret cells in the form of economic execution squads which refrain from investing, withdraw deposits, and smuggle out what they can. There is nothing against having an ascetic form of hypocrisy take the place of consumerist excesses, so everyone applauds the fact that "the people" rule at last, while poisoned daggers keep being driven into the backs of the new authorities.

The "ruling opposition" tries to reassure people, but no one believes them. Capital proves that it is not only cowardly but also despicable, and the worst of it is that it is the son of the pound! The economic assassinations, which are more treasonous than individual political assassinations, keep on, the opposition finds itself in the old dilemma, and no one is better than anyone else. Be generous, emergencies, in order to protect the interests of the toiling classes of the people! The economic assassination teams redouble their efforts. They might cooperate with Arab capital, which threatens Egyptian labor because it is afraid of it, and so on and so forth, and it is no longer helped by the fact that it once was an ardent defender of Arab nationalism — that is a matter which concerns the people, but to the men with the power and the money, "accountability is like writing," and offense is not a means of defense.

An Armistice, and Patience

The dream comes back in part and makes its appearance. It seems to me that the new government is more concerned with democracy than the previous one, even with coping with the economic assassination squads. Thus the new opposition parties group together to exploit the effects of the economic assassinations in an attack on the new government, and the gap between the promises of the past and the resources available increases. People become disgruntled and listen without discrimination to people in the new opposition who lie and who tell the truth. Promises of welfare, production and general good fortune are exchanged. It is not a bad idea to use God's anger at the new rulers, who are interfering in the distribution of his provisions, as the explanation for the new crisis.

The patience of the government (the former opposition) is exhausted. Slowly, first of all, economic laws are imposed, then, secondly, media laws, then lastly, emergency laws. Your mind sees only darkness — the cassette is turned over, but the same songs are on the other side.

The world becomes dark in the eyes of a citizen like me who can breathe only in a certain amount of freedom and loves a lack of stability, in principle, out of concern for the process of change. Perhaps the principles of the future are better than what he has learned about so far.

An observation: It is not a bad idea for capital (being the son of the pound) to seek the aid of an Israeli attack that can pave the way for an army coup or contribute to further economic assassinations.

Hopes and Thoughts

I awaken from my dream and my fears both. I hope that the opposition will start, as of now, within itself, out of love for the nation and mankind, to allow people who oppose it to be heard and to be trained to keep on, not out of graciousness toward them but out of anxiety for its own health and long life. At the end of my article, let me spell out some hopes and some recommendations which I might set before the opposition so that it may open a door which it has not yet opened.

1. I hope that we can review all the gains of our modern history, especially the positive features that preceded the blessed July movement (subsequently the revolution), the military modifications of May (subsequently the revolution), and the assassination of October (later the revolution -- who knows?). I repeat, preceded, and did not always follow.

(Note: Perhaps Egypt is the only country which brings about revolution once the coup d'etat is secure.)

2. I hope that the dialogue will continue in spite of all circumstances, errors and differences. I do not imagine that it is possible to realize this hope unless possibilities appear in the minds of the members of the opposition which are different from the ones they are accustomed to repeating. Would it be possible for an enthusiastic person in the opposition to believe, for instance:

A. That not everyone who states that al-Sadat was brave and a nationalist is a traitor or a fool.

B. Or that not everyone who says that we should return to the Arab "fold" is an audacious hero.

C. Or that not everyone who calls for freedom will hold onto it when he faces "restrictive" pressures.

D. Or that it is normal that any hint of revolutionary violence (even if it is revolutionary) should be matched by the commission of counter-violence (of an exceptional or emergency nature).

E. Or that any rapid gains from a coup (even if it is called a revolution) without adequate preparation and true dialogue will change signs, aliases and secret bank numbers, but will not change essential conditions.

Let me content myself with these violations, which pique the sensitivities of every person in the opposition, to the point where the skin (but not the head, and its contents) will be rubbed, so that I can present some practical recommendations which have come to my mind. The reader can list these under dreams or fears, whichever are closer. In order to begin the democratic process, in an effort to achieve a Mitterand-style resolution, I recommend:

1. Eliminating the existing parties, while retaining the opposition press.
2. Reconstituting the parties in 6 months, if even under the same names.

3. Prohibiting all former officers from occupying any leading political positions, in the opposition or the government, until they have engaged in political activity with the man in the street for 10 consecutive years upon leaving service, and dispensing with the services of the free officers -- with strong letters of thanks.

4. Eliminating the nationwide newspapers and distributing their assets to the party papers, while allowing the independent papers, actually to stipulate their real resources, if they can.

Let me conclude my article with a personal conception of the real forces on the political street, as follows:

First, what is currently represented by the Grouping Party.

Second, what is represented by the Old Wafd (which might include some liberals).

Third, what is represented by Arab nationalism (which might include the Nasirists and some people from the Labor Party).

Fourth, what is represented by Pharaonic Egyptianism (which might include some intellectuals and Islamic thinkers), as well as other minorities, such as what is represented by frank secular cultural development thinking, Marxist thinking, the al-Salafi groups, or others which I do not know.

Finally:

It might not be reasonable for an ordinary citizen, whose political ignorance is established and who might basically not hear with his own ears, to deal with all these conceptions and recommendations. However, it is my right to imagine that one good attribute of citizenship is that I might be that ignorant but nonetheless dream, hope and recommend, as long as I am still going to the ballot box -- but not for referenda -- from time to time.

11887

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FURTHER GOVERNMENT DEBATE ON PUBLIC SECTOR RECORDED

Cairo AL-AHRAM AL-IQTISADI in Arabic No 707, 2 Aug 82 pp 16, 17

[Article by 'Imad Ghunaym: "A Violent Attack by Administrative Leaders on Ministry of Industry and Economy Ideas"]

[Text] Regarding the new principles which the Ministries of Economy and Industry recently proposed in the draft law to develop the public sector, the Society of Higher Administration Institute Graduates held a discussion session to study the two ministries' new ideas. Participating in the discussions were a number of university professors and economists and a number of public sector company leaders. Over a number of hours of discussion on the proposed principles, in which the people in attendance directed much criticism against the recommendations the two ministers had presented and the majority of the people present recorded their objection to the draft in general -- considering that it was essentially not suited for the preparation of a law aimed at developing the public sector -- other people said that the proposed principles, if carried out, would be the equivalent of a step backward and were not aimed at the required liberation of public sector companies.

The idea which provoked the most criticism and protest was the intense concern by the people setting forth the draft to emphasize the ministers' supervisory responsibilities over public companies and these companies' subordination to the ministries in whose field they operated. The people taking part in the symposium considered that this had been the main reason for most of the public sector's recent problems. Criticism was also levelled against the obscurity surrounding the form of government ownership of public sector firms in the draft, the approach the draft followed in approving the appointment of presidents and board members to these companies, and the matter which the government considered to be a constitutional one, regarding its assumption of the burden of setting and carrying out development plans and consequently supervising the channels of production: the people at the meeting considered that that was going to excess in interpreting the definitions the constitution contained in this regard.

The Official View

At the outset Ahmad Fu'ad, chairman of the board of the Islamic International Bank, which ran the symposium, said that in the course of recent years general discussions had pointed up many of the problems which constitute an obstacle to

the public sector's progress. These discussions anticipated some of the dangers threatening this sector and the damage they could do to the domestic economy. He said that a number of attempts had been made to find solutions connected to these problems over the last 18 years, but they were partial or temporary, were not effective and were not destined to endure.

On other reform recommendations which were made under the initiative of the Ministries of Economy and Industries, he wondered "Will the opinions contained in this draft lead to the goals which we aspire to as regards the public sector?" He added that the draft, which expressed the government's official view, was obscure as far as the method for representing government property in public sector companies went and therefore, in all the discussions related to the public sector, this question would continue to be at issue: who owns the public sector?

The answers the people in attendance gave to this question all rejected the current status of public sector representation, namely the companies general assemblies. The recommendations of the Industry and Economy Ministries supported this status, while introducing some minor modifications to it. The discussions stressed the unfeasibility of the general assemblies' role and their ineffectiveness, as a result of the relevant ministers' dominance of them and company board members, thanks to which these companies could not effectively play the role of capital owner when company affairs were discussed. The people who spoke added that it was necessary to arrive at a clear definition of means for getting the government to represent itself as a capital owner.

Separating Ownership

Dr Mustafa al-Sa'id, professor of economics, stated that trying to find out who owned the public sector was not the problem, since the public sector was public property in which the government, or, more accurately, the Ministry of Finance represented the society, and that however the ways of expressing this ownership might differ— for example by having the companies owned by domestic banks or the like — that would all entail government supervision, because all these economic formats meant government ownership. He said that a more serious issue than this was the separation of ownership from management, which was not achieved in the draft the Ministries of Economy and Industry presented, since the draft stressed the role of the supervising minister and the consultative role of the ministry in guiding the companies that belonged to it, which is where the danger lay. He said that the existing law gave the minister these supervisory powers, which resulted in direct interference in the activities of and harm to these companies. In view of the large number of companies belonging to the ministries -- 119 companies belonged to Industry alone -- the ministers delegated the supervision of these companies to the ministerial agencies subordinate to them, which induced these agencies to acquire illegal, unconstitutional powers to interfere in the companies' activities in general. More serious than that was the fact that some boards of directors in these companies felt afraid of these agencies, worrying about administrative problems in this climate. He added that all these acts of interference had inflicted extreme harm on the performance of the public sector companies, but, in spite of that, the proposed draft upheld the preservation of this climate by underlining the ministers' supervision of these companies' activities.

The Dangers of Subordination

One of the participants added that the experiment of making companies subordinate to ministers had been proved a failure, in light of the ministers' constant interference in the companies' activities for non-economic reasons, which affected these companies' financial structure. He added that the companies, in the light of the absence of permanent policies, in accordance with this situation, which they agreed would continue, would be subordinate to the ideas of the ministers concerned and would change as they changed. That approach had extremely deleterious effects on these companies' economic structures.

Holding Companies

Dr Mustafa al-Sa'id said that in order to eliminate the agencies' intervention in the companies' activities, the draft to develop the public sector presented by the specialized national councils recommended the formation of specific, wide-ranging holding companies. A number of companies would be subordinate to each holding company and the relationship between the holding company and the companies subordinate to it would be founded on the assumption that the former would interfere in the activities of the latter. A council, to be called the Development Council, chaired by the prime minister, would supervise the holding companies; this council would take charge of making the holding companies accountable for the results they achieved and would distribute investments among the companies. Encouragement of the various sectors would be in accordance with the contents of the national plan concerning the orientation of investments toward the sectors it was desired to stimulate, and would occur by means of the Development Council. In accordance with this recommendation, there would be a minister for the Development Council who would be in charge of the council secretariat and all information and coordination among agencies.

He added "There might be people who will say that this system is a repetition of the system of general organizations that was eliminated in 1974. I say, what is the danger in bringing back a system similar to that of the organizations? The organizations were eliminated, but the fault did not lie with them. The problem, rather, lay in government intervention in the organizations' activities. In spite of that, following the experience of the past, we can say that eliminating the three general organizations was a mistake and was not justified, that the cancellation occurred as a result of personal conflicts among men in the government, and that the public interest had nothing to do with them!"

He said, "On the basis of this system, the only difference between private and public sector companies would be in the Accounting Agency's supervision of the latter. Aside from that, we would let the companies remain free to administer their affairs in the manner the board of directors decided on."

The Minister's Responsibility

One of the people who spoke pointed out that to say that government responsibility for the public sector required that the minister directly supervise that

sector's activities was not proper, since the minister was constitutionally responsible for the sector he headed, whether it was public or private, by withdrawing or granting permits, through quality control and so forth. However, what happened was that the minister's dominance over the public sector companies increased, on a basis of absolute subordination, and that was what had to be eliminated.

Concerning the status of board members when the development took place, the people at the discussion demanded that the board members be removed from the company's employment roster and be able to work on the board full time and that the systems of reward and punishment, including termination, be applied to them. That principle ought to be restored to companies and applied, from the lowest-level employee to the chairman of the board, in order to guarantee control and proper economic performance within the installation! One participant protested about the failure to have the draft of the Ministries of Economy and Industry discussed in the companies and get their opinions on it before announcing it, as there was no doubt that they were the best able to "diagnose" their problems and recommend solutions to them.

Management Development

Dr Salah Sadiq, professor of management at the al-Sadat Academy of Administrative Sciences, gave notice that all the papers discussing public sector problems were confined to management, so that one could now state that the goal was not to develop the public sector but to develop public sector management, since overall development would involve management as well as information systems, technology imports, sources of financing and so forth. However, everyone had been talking only of management and management problems. He said that it was necessary to seek a new format for government ownership and ways of representing it in company management, now that the experiment of ownership by the government and the people had failed. He recommended that western experiments be applied by having the unit's economic society represent the people in capital ownership. He rejected the draft of the Ministries of Economy and Industry to develop the public sector, on grounds that the draft tried to reconcile the present reality the sector is going through and the desires of the people looking for development.

A Drop in Revenues

On the subject of attention to management, Dr Mustafa al-Sa'id said that management was the basis for the resolution of the public sector's problems and that it had become a local problem. As an example, he cited public sector investments, which exceeded 20 billion pounds whereas the revenues were not in keeping with the volume of these investments. This was a problem of management in the first place. He also dealt with the issue of the drop in per-pound productivity in spite of the rise in wages, as was the case with the contracting, land reclamation and metal industry companies, where the average wage came to 150 pounds while per-pound productivity continued to drop.

Participation with the Public Sector

Some participants spoke of the need to encourage the private sector to contribute to development and said that the most conspicuous form of such en-

couragement would be to allow the private sector to contribute to the shares of public sector companies! They said that the government wanted the public sector to take part in companies that ran at a loss although investors found themselves faced with a choice of better investment opportunities in savings deposits and the like and refused to do so. In successful companies, the officials rejected the principle of participation, especially since the companies were operating competently and successfully. The solution was for the company to cooperate with the companies until they managed to realize reasonable returns, then offer some of their shares to the private sector, so that we thereby could be encouraging the owners of private investments to help encourage investments and development.

Some people taking part in the Higher Management Institute graduates' symposium warned that the subject of chairmen's and members of public sector boards' wages would produce bad results, in the form of a flight of competent personnel or an attempt by every company, in the framework of the investment law, to form a company internally whose board chairman would be the board chairman of the parent company, and who would give himself what he thought he deserved. They said that the spread of this phenomenon, under the guise of liberalization, brought liberalization to public funds, on which there was no oversight according to the laws on investment. Therefore, it was necessary, when talking about development, to press for a solution to this sort of problem, which had arisen in the context of the new laws.

11887

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SOCIAL INSURANCE COVERS ONE-FOURTH OF POPULATION

Cairo THE EGYPTIAN GAZETTE in English 13 Aug 82 p 3

[Text] Social insurance services extended to cover 10,700,000 people out of the 44-million population of the country within the efforts the government exerts to extend the social insurance umbrella to cover all the Egyptians. This figure has been reached by the end of the fiscal year 1981-82 on June 30.

The Minister of Insurance and Social Affairs, Dr Amal Osman, reviewing the activities of the Social Insurance Sector said that the total amount of pensions and compensations paid to four million beneficiaries amounted to LE 715 million.

The Minister pointed out that pension deductible loans had amounted this year to approximately LE 20 million as compared to LE 16 million extended in Loans last year.

A sum of LE 1 million had also been transferred to the National Investment Bank as a contribution to the country's economic and social development plan.

The Ministry of Social Affairs' plan for the forthcoming year included the setting up of social and cultural clubs for youth. These would reach one hundred in number in June 1983. More than LE 1 million had been allocated in both this year and next year's budget for this purpose.

Dr Osman who was inaugurating the Social and Cultural Youth Club of the Heliopolis Tahrir Society for Social Services stressed that the Ministry of Social Affairs having been entrusted with the affairs of the family and society sought to achieve a constructive cooperation among concerned authorities, notably, the Higher Council for Youth and Sports. It hoped to create an appropriate social atmosphere and rid youth of its personal, social and economic problems and enable it to become a sturdy bulwark of society.

The minister also opened the Social and Cultural Youth Club of the Bahget El-Islam Society in Waili district which include diverse sports as well as a vocational training activities for Young men and women. Its members count 1060 persons from the popular areas of Waili Zawia El-Hamra and Kubbeh.

The number of social clubs that have been so far opened amount to 39 among which 28 are in Cairo, 6 in Alexandria, one in Port Said and another one in Mersa Matrouh. The clubs function through private societies that enjoy sufficient means under the sponsorship of the Ministry of Social Affairs.--GSS

OPEN-DOOR POLICY HERALDS NEW ERA

Cairo THE EGYPTIAN GAZETTE in English 22 Aug 82 p 2

[Article by Ibrahim Ayad]

[Text] During the last seven years Egypt's open-door policy has proved to be successful in promoting the development process.

The figures of the General Authority for Investment and Free Zones show that up to the end of last year, 1,626 projects have been approved by the Authority, with a total equity capital of LE 4,600,000 million and investment costs totaling LE 9,800,000 million.

Projects now in production amount to about 651, that is approximately 40 per cent of the total number of projects approved. Projects still under implementation number 388, that is approximately 24 percent of the total.

The essence of the open-door policy lies in inducing a transfer of technology that would assist in the growth of private sector activity.

Law 43 of 1974 stipulates the promotion of the inflow of foreign capital in specific fields of activity.

Egypt is seeking to produce sophisticated products where considerations of quality and efficiency matter. Foreign majority ownership is tolerated while a package of incentives and guarantees is provided.

Tax holidays are granted for periods ranging from five to fifteen years, privileges also include a large measure of freedom with respect to the repatriation of profits and capital. Projects in the free zones are geared to exportation and are permanently exempt from taxation.

Imports into and exports from the free zones are not subject to any restrictions. All guarantees provided by the Law against noncommercial risks apply equally to free zone projects.

All projects operating under the provisions of the Investment Law are considered to belong to the private sector, even when carried out as a joint, venture with a public company.

The priority areas--for investment--are defined in terms of Egypt's economic needs as reflected in the national economic plan. A heavy doze [as published] of capital investment is required in agri-business and food industries, building material projects, medical equipments and medical services, infrastructure feeding industries and tourism projects.

The General Authority for Investment and Free Zones has started a new stage of promotional activities. A large number of investment opportunities have been identified. This includes all types of activities ranging from agro-industrial projects to industrial and touristic ones. Many of these projects could provide opportunities for joint-venture projects.

The continued success of the open-door policy then depends on the going in hand of both development and international cooperation. [as published]

CSO: 4500/286

SOUTH SINAI TOURIST AREAS NEED IMPROVEMENT

Cairo THE EGYPTIAN GAZETTE in English 20 Aug 82 p 3

[Editorial: "No Manna in Sinai"]

[Text] At least two of the many tales we have learned from the press, radio, television and tourist authorities about South Sinai are indisputably true: it is beautiful and very easy to get to. The buses that leave Cairo daily for Sharm el-Sheikh and three times a week for Saint Catherine's Monastery are cheap, comfortable and air-conditioned. So far so good.

The revelations begin some four miles out of town on the desert road to Suez, when the passengers begin to ask the bus driver where the first stop for food is, and end up finding out that the only town with a bakery, not to speak of restaurants, is el-Tor, the capital of the southern province. This information finally filters down to the foreign tourists, who have water bottles, sleeping bags and impressive maps, but no food.

The bus driver is right, although it takes a three-day diet of biscuits and tinned sardines for some of the more cynical visitors to believe him. Sharm el-Sheikh has no restaurant yet, but the "fool" and "taamia" shop that opened this month has probably inspired more poetry among the settled populace than a new moon over the red mountains.

Having arrived at the bottom of the world, it would not be strictly true to say there is nowhere to stay: there is a working youth hostel--without food--an LE 30-40 a night hotel and a beach. The same is true, minus the youth hostel, of Dahab, Nuweiba and occupied Taba on the east Sinai coast and of Saint Catherine's in the mountains. In the latter case a bed can be had for the night inside the monastery for about LE 3, but without food. The hotel is at the airport, 20 kms away, and the beach traveller will probably opt for Hag Mansour's LE 1 a night mattress on a gravel floor in the village.

Now we have already said that Sinai is extremely beautiful, and for the adventuresome--and diet-prone--the tour can be a remarkably rewarding experience. The problem is, very few people are informed in Cairo that South Sinai is still a frontier land as far as basic facilities are concerned; as a result the returning buses are full of disgruntled, hungry visitors who have cut short their trip because they cannot afford the hotel and have never before slept out on a beach. The hotel, meanwhile, has no guests--this goes for all the

beach resorts--but survives on the proceeds of a beachside cafeteria which sells soft drinks, cigarettes and biscuits at severely inflated prices.

In the absence of public warnings to the above effect, surely it is remiss, if not outright dishonest, to advertise and provide a cheap daily bus to the remotest tip of Egypt, for this alone promotes the idea that one will find facilities on arrival. If all that is required is a few months reorganisation to institute food supply lines and reasonably priced accommodation, then let access to the place be made suitably difficult until then. We will lose nothing by waiting a few extra months to see this evacuated corner of Egypt in relative comfort, but we will lose much by misleading visitors into thinking Sharm el-Sheikh is another Alexandria, with a fish restaurant on every corner, as long as the townspeople are still dreaming of a bakery.

CSO: 4500/286

BRIEFS

ARAB HOLDING COMPANY--Investors from the United Arab Emirates will contribute \$20 million to the capital of the Gulf Company for Arab Investments whose establishment was announced during the Gulf Businessmen Conference recently in Cairo. The new firm will be a holding company and will be set up at a free zone in Egypt. Its authorised capital is \$500 million with subscriptions amounting to \$250 million. Stemming from the company would be a number of specialised companies to be found in collaboration with Egyptian businessmen in the fields of industry, agriculture and real estate.--MEN [Text] [Cairo THE EGYPTIAN GAZETTE in English 22 Aug 82 p 2]

NILE BASIN TALKS--The Minister of Irrigation and Minister of State for Sudan affairs, Abdel Hadi Samaha, yesterday opened the meeting of the representatives of the nine countries of the Nile basin. The four-day meeting will consider the possibility of setting up a technical body in which the nine countries are to be represented so as to draw up plans for the development of water resources and to establish joint ventures. Earlier this month the Egyptian and Sudanese Ministers of Irrigation toured the nine states to discuss the possibility of establishing such a body. The nine states are Burundi, Rwanda, Zaire, Egypt, Sudan, Tanzania, Kenya, Uganda and Ethiopia.--MEN. [Text] [Cairo THE EGYPTIAN GAZETTE in English 25 Aug 82 p 2]

UPPEDPORT CAPACITY--The Chairman of the Alexandria Port Authority, Mr Anwar Hegazi yesterday announced that the capacity of the harbour will be increased from 28 million tons up to 64 million tons yearly after the completion of El-Dekhaila harbour which is now under construction. He also said that the unloading rate at the harbour reached 27,000 tons daily and that 68 percent of the Egyptian foreign trade pass through the harbour. A number of docks for containers will be soon built at Alexandria harbour to increase the capacity by about one million tons yearly. The new docks are expected to be completed before the end of 1984 Mr Hegazi pointed out.--MEN [Text] [Cairo THE EGYPTIAN GAZETTE in English 25 Aug 82 p 2]

MICROFILMED CAR LICENSES--Microfilm and computerised data will be adopted to register cars in Cairo, in response to directives from the Minister of the Interior, Mr Hassan Abu Basha, who decided to support the efforts expanding the new system of registering cars in the Traffic Control Unit for Licencing Cars. The new system will serve car owners and at the same time will secure an invaluable service to the security authorities in pursuing violaters of the

traffic control rules and operation regulations. This was made out by the Director of the Car Operation Licences Department, Brigadier Hafez Badawi, who said that the Minister's instructions provide for helping citizens to procure copies of their lost car licences. The microfilmed data will include information about each car's colour, number of chassis, number of engine, model, name of owner, name of driver, and their addresses, Brigadier Badawi elaborated. The new system will provide information on investigating the cases of car thefts, crashes and other accidents. It will be useful for getting information related to the purchase and sale of cars. It will moreover be helpful to insurance companies in dealing with car owners.--GSS [Text] [Cairo THE EGYPTIAN GAZETTE in English 26 Aug 82 p 2]

PLAN TO UTILIZE ABU RUDAYS GAS--Natural gas accompanying oil production in the Abu Rudeis oil-fields on the Red Sea coast will be utilised in fueling a major power station projected for the area. The Minister of Power, Mr Maher Abaza, made out the news following a four-day tour in Sinai during which he inspected the power stations in the peninsula. Mr Abaza said that a sum of LE 8 million was earmarked to upgrade the capacity of the already existing power stations in Sinai in addition to the efforts exerted to generate power from alternative sources. To this end a committee has been formed to conduct studies on the best ways to utilise the solar energy for practical everyday purposes. The first lake to be used for the utilisation of solar energy in Sinai had been dug by the Israelis at a depth of five metres in a spot overlooking the Gulf of Aqaba some 20 kms from Taba. Egyptian experts will endeavour to complete the project which halted when the Israelis began their arrangements to evacuate this last part of Sinai last April.--GSS [Text] [Cairo THE EGYPTIAN GAZETTE in English 28 Aug 82 p 2]

CSO: 4500/292

U.S. PLAN, A PLOT AGAINST MOSLEMS, FOREIGN MINISTRY

Tehran TEHRAN TIMES in English 5 Sep 82 p 1

[Text] **TEHRAN (IRNA)** - Iran has urged world Moslems to abort Washington's "threatening conspiracy" for trying to settle the Palestinians in a part of their occupied lands under the sovereignty of King Hussein of Jordan. It said the proposal had been a scheme for expanding the domination of "the United States and the racist Zionists" over the peoples of the region and thereby pave the way for fresh machinations against the Moslem people.

A Foreign Ministry communique published here yesterday said that the "criminal United States . . . had propounded the scheme . . . at the threshold of the Arab Summit Conference in Fez . . . in order to provide the reactionary governments with an excuse to check the increasing antagonism to Washington by Moslems and Arab progressive forces."

"By doing so," read the statement, "the U.S. is also trying to prove that it is not the unconditional supporter of the Zionist regime while America

had earlier extended her impudent support of the blood-sucking Zionists by vetoing the resolution of the U.N. Security Council."

The Iranian Foreign Ministry later called upon the world Moslems to note that the recent Reagan plan was solely aimed at recognizing Israel, in order to prepare the grounds for the execution of Camp David accord plot.

This communique also asked all the world's revolutionary and free-thinking people to, beside all the Moslem masses, use their efforts in revealing this new plot which was directed in bringing all the oppressed people in the region under U.S.-Israelis domination after the animalistic massacre they had just committed in Lebanon.

The announcement also warned the countries promoting U.S. goals for implementing imperialist schemes in the region, that "the wrath of the Moslems and revolutionary forces of the region" would never spare them.

QUESTIONS OF PERSIAN GULF SECURITY EXAMINED

Tehran KAYHAN INTERNATIONAL in English 4 Sep 82 p 2

[Editorial by S. Moadab]

[Text]

The imposed war against the Islamic Republic (I.R.) has been analyzed and discussed in details from different angles. The war analysts as well as the political commentators have looked into this long conflict between two Muslim countries from a numerical and quantitative point of view. Generally they have spoken about the number of warplanes, tanks, soldiers and so forth. Until recently the capacity of the Islamic fighters had been left undiscussed.

In the beginning of the war western analysts tried to prove that the war machine of the Iranian armed forces was capable only because they were led by commanders of the former imperial regime. Following this logic they arrived at the conclusion that the present Iranian army could not resist before the very "well trained" Ba'athist forces.

But to the extent the military gains of our armed forces and Revolutionary Guards increased, the western military experts altered their opinion and said that the high morale of the Islamic fighters has given them an upper hand in the war. The superiority of our soldiers was accepted unconditionally when numerous Ba'athist divisions were either totally destroyed or entirely captured in the victory of Khorramshahr.

In another maneuver, designed to show them superiority of the U.S. made Phantom jets over the Russian MiGs, Western analysts have almost unanimously agreed that Iranian aviation has saved the prestige of the Islamic Republic even though almost all the high ranking imperial officers have been sacked. When on the second day of the imposed war more than 120 of our war planes surprised the world in their attacks against the Ba'athist positions inside Iraq, nearly all military experts accepted that Iranian pilots more to be taken very seriously in any calculation.

In the following weeks and months of the imposed war this conviction was strengthened by repeated air attacks of our forces inside Iraq despite the sophisticated anti-aircraft system network of Iraq. But one question never asked or, at least, not publicly; was why didn't the Iranian Air Force attack countries directly helping Baghdad, especially those whose ports were handling war materials for Saddam Hussein.

Another interesting question to be asked concerns freedom of navigation in the Persian Gulf. As everyone knows in the starting days of the imposed war the Iraqi navy was almost destroyed by the Iranian fleet. It has also been known, for some time, that some foreign shipping companies have been carrying war materials for Iraq, and off-loading them in the neighboring states of the Persian Gulf. Why does our navy not check these ships? Why? This question was not asked publicly. Is this because we are conservative or is it due to cowardice? Or is there is another reason behind it?

Some people, at the outbreak of hostilities proposed that we send a few planes to strike some of the small states in the region. Despite the insistence of these people the official answer was no!!

Why? Is it not in accordance with war time logic that enemy forces must be attacked in the "region of the aggression"? Then why did our pilots and powerful navy close their eyes before the direct military aid to the Ba'athist regime by its neighbors.

The answer lies behind our concept of the defensive war. This means for example that unless we have substantial evidence that a Persian Gulf state is helping Iraq directly we are not allowed to take any action against that state. But the question still remains; a few weeks after the outset of the war we were provided with accurate intelligence reports that indicated Kuwait and Saudi Arabia were heartily helping Iraq. Why didn't our planes go to remind the friends of our enemy that we could strike them as direct participants in the aggression against us?

Here the answer is that by confirming the war inside Iraqi frontiers we have not fallen into the propaganda Iraq that Iran is undermining the security of the Persian Gulf. For this very reason our navy has praiseworthy kept the Hormuz Strait open till now. This despite all the provocations from the U.S. fleet illegally stationed in our region.

But the time has come for the Western world to receive a warning. This situation may change in case they bow before the American pressure against us in the region. If for example they encourage Baghdad or its allies to make provocations against our oil shipments one should ask

according to whose logic must we keep our planes confined to striking only the Ba'athist targets inside Iraq? Or if Iraq's long range rockets are fired against our oil terminals is it not our legitimate right to take steps to stop the oil flow to the west?

The Western nations and Japan must have learned to take our warnings seriously in this long imposed war. It is true that we honor our promises, underwrite our international responsibilities and cherish our prestige.

But Muslim warriors have shown in their glorious history that once the satanic intentions of their enemies are proved they do not lack speed in striking their belligerent rivals.

The Imam's representative to the Supreme Defense Council repeated this warning in the Friday Prayers yesterday. As Hojjatoleslam Hashemi Rafsanjani said, this warning is especially a message for the people in Western Europe. For the people, and not governments, because these latter pay ransoms to Reagan despite the will of the people.

The people in Western Europe must know that in spite of our respect for the security of our region we are fully capable of stopping oil to their countries if provocations are not ended against our oil interests.

CSO: 4600/768

TWO NEW VOLUMES OF U.S. EMBASSY DOCUMENTS PUBLISHED

Tehran TEHRAN TIMES in English 26 Aug 82 pp 1, 2

[Text]

TEHRAN (IRNA) - Two new volumes numbers, 21 and 22 of U.S. Embassy (Spy Nest) documents published by the Students Following the Line of Imam Khomeini have just been released.

In Volume 21, the documents pertaining to five liberals, Morteza Bazargan, (former premier Mehdi Bazargan's nephew) Abdol-Rahman Borumand, an Isfahani landowner Karim Sanjabi, Ali Shaygan and Allahyar Saleh, the last three being officials of the National Front, have been included. The first, Bazargan's nephew, had been talked to by the U.S. embassy personnel in 1978 and 1979.

In those conversations, according to the documents, Morteza Bazargan spoke to the Americans about the friendliness of the National Front to the U.S., the Front's plan for a

surrogate government for the shah, future ministers, foreign policy, the Regency Council, and other topics such as exchange of information, the U.S. assistance to the counter-revolution in Kurdistan, Khuzestan, and his suggestions for the U.S. to obtain Iran's friendship.

The documents also reveal the leanings of so-called Iranian intellectuals, educated in the West. In these volumes there appears an Isfahani landowner by the name of Abdol-Rahman Borumand, who had been interviewed by the U.S. embassy officials in 1957, 1961 and 1963.

Borumand, who had been educated in Geneva in law, encouraged the Americans to increase their talks with other Liberals in Iranian society.

He then said the British inspired elements in Iran were against the U.S. presence in Iran and aimed at eliminating

it. Borumand also introduced his friends to the Americans. Other documents describe interviews and encounters with Karim Sanjabi, Ali Shaygan and Allahyar Saleh in which the three expressed their views on the situation in Iran in the 50s and 60s. The documents reveal again their pro-western ideals, and their world-view which is based upon "we cannot do anything without the U.S." The three have been National Front figures since the time of the late Mossadeq, and with the exception of Shaygan and Saleh, were active when the Islamic Revolution was accelerating.

All of the three came from rich families even though they opposed the defunct shah they were offered positions by him in times of crisis. For example, Sanjabi was offered the post of prime minister in the last years of the shah's rule but

refused to accept. Neither the U.S., nor the shah considered the threat of great danger, for the U.S. granted a visa to Sanjabi in Oct. 1978 for visit to that country. This trip by Sanjabi, at the time when the Muslim people of Iran were being daily martyred in the streets, is highly dubious and raises grave questions about his character.

Volume 22, reveals the characters of Gholamhussein Sadiqi, Keshavarz Sadr, Dariush Foruhar, Hussein Mahdavi, and Fereyduh Mahdavi. Sadiqi was Mossadeq's post, telephone and telegraph minister and then interior minister. He expressed his resentment of the fact that an underdeveloped country such as Iran was spending the greater amount of its budget for defense purposes. He said Iran was in dire need of foreign technological experts but maintained that they must not hamper the development of Iranian expertise.

Speaking on the defunct shah, Sadiqi said "all Iranians loved the shah, but with his escalating role in intervening in state affairs, he was becoming increasingly unpopular." He said the shah could have remained popular if he had kept out of state matters. Sadiqi deplored the fact that most of the foreign aid granted to Iran was plundered by a select group. He concluded by saying that he preferred the

shah staying but not ruling.

The documents also highlight the National Front spokesman Keshavarz Sadr. He said economic and technical assistance was good only if there were no strings attached to it by the U.S. or the Soviet Union. He said the size of Iranian Armed Forces had to be reduced and that U.S. officials said the Iranian Army was kept as protection against the Iranian nation for the shah's rule.

He said there was no difference between the National Front and the Freedom Movement, led by Mehdi Bazargan, and that they had accepted the Front's direction. He said the U.S. had to help the National Front if it sought a free Iran against the Soviets.

Next is Foruhar, who reflected the attitude of Keshavarz Sadr. He believed that U.S. technicians in Iran had good intentions and maintaining relations with the U.S. was desired. He is recorded as a staunch opponent of the Soviet Union. He did not trust the defunct shah and said he would try to work against the National Front even if he promised not to do so. Foruhar favored a republic.

He suspected the Freedom Movement led by Mehdi Bazargan and feared they would not have any link with foreigners. He also was of the opinion that they were reactionaries whose influence would soon dwindle.

He said the Iranian people detested the U.S. for its coup in 1953 and soon realized that the U.S. was no different than the U.S.S.R. and England.

Hussein Mahdavi one of the National Front figures told the U.S. officials that the defunct regime knew in advance about the June 5th uprising in which some 15,000 people were massacred by the shah. He said the regime underestimated the religious disposition of the Iranian people and the fact that (Imam) Khomeini was an important national figure.

He added that the National Front had no hand in the uprisings. Both Mahdavi and his nephew, Fereyduh are reflected as National Front figures who favor the West and the U.S. especially and are against the USSR. They both cooperated with the defunct shah at a later period. However, all these documents show that the U.S. tried hard to keep pro-West Iranians for a day when it needed them.

None of them, even if there were some honest ones among them, had the vision to realize that they were being used as an instrument in the hands of the U.S. The progression of the Islamic Revolution revealed this fact and a characteristic of the Revolution was that through its Islamic criteria introduced to the people, what was politically right and wrong for the interests of the Iranian nation.

SUSPENSION OF IRAQI CONFERENCE MEMBERSHIP PROPOSED

Tehran TEHRAN TIMES in English 26 Aug 82 p 82

[Text]

TEHRAN (IRNA) - The Iranian foreign minister, Dr. Velayati called on the Islamic Conference to suspend Iraq's membership in the Islamic Conference Organization since it had violated sections three, four and five of the conference and the territorial integrity of other member countries.

Velayati said by its aggression against the Islamic Republic, the Baghdad regime had in fact paved the way for "adventurism in the region by the Qods regime", and helped it "commit crimes" in the region with a feeling of maximum security.

Dr. Velayati who was talking in the thirteenth assembly of the Foreign Ministers of the Islamic Conference in Niamey said Monday and almost thirteen years after the establishment of the organization, "the Moslem world was more than anytime before afflicted with catastrophic incidents, which fact proved that the lofty aspirations of the organization had been unabashedly trampled upon."

Velayati later noted that the Islamic Conference in its charter named Islam as the most powerful factor in uniting the Moslem nations and added that such unity was among the foremost objectives in the foreign policies of Islamic Republic of Iran since its foundation.

In another part of his speech referring to one of the resolutions of the conference which had ostracized Egypt from its membership due to its signing of the Camp David accords, Velayati expressed wonder at how some of the member countries were trying to pave the way for the ultimate compromise with the Zionist regime through revival of Accords which had brought disgrace and shame over Moslem countries.

He sharply criticized Arab governments for having passively watched the Zionist invasion of Southern Lebanon, at a time they should have joined cause with the Palestinians for routing the invading Zionist troops in Southern Lebanon.

The Iranian Foreign Minister also said it was painful that in a gesture of protest to the Zionist regime the Moslem governments of the region and members of the organization did not venture even to halt their oil flow to the West during the Zionist attacks against Lebanon.

He said while the Zionists were dropping bombs over the Moslem cities, the Islamic governments continued to provide the West with their oil, so that the Western countries could continue to manufacture lethal weapons for the massacre of Moslems.

Dr. Velayati also criticized the Soviet government for its "military invasion" of Afghanistan. The Iranian minister praised the brave resistance of the Afghan Moslems against the Soviet army in Afghanistan and called for the immediate withdrawal of the Soviet troops from that country. He noted also that the Afghans "need no guardian", and that the ruling government is "unconstitutional".

"In our view" he went on to say "it is the Moslem nation of Afghanistan which should decide its own fate. It must be noted that the military presence of the Soviets in that country had provided the U.S. imperialists with the biggest pretext to prepare itself for intervening in the Persian Gulf countries..

He also proposed to the conference that Washington be punished for having sided with the Zionist regime, and that new revised criteria governing the relations of the member countries with the United States be formulated.

The Iranian Foreign Minister also suggested that the politico-economic activities of Israel in Africa be checked and ways be sought to stop them.

He also asked the Conference to check the activities of Christian missions in Africa.

Dr. Velayati concluded his speech asking the Islamic Conference to implement its former resolutions in connection with the punishment of the Egyptian government.

CSO: 4600/747

IRAN

BAKHTIAR CLAIMS ARMY SUPPORT NEEDED TO OUST KHOMEYNI

PM161303 Rome AVANTI in Italian 14 Sep 82 p 9

[Interview with Shahpur Bakhtiar by Fawzia Mascheroni in Paris; date not given]

[Excerpt] [Question] Doctor Bakhtiar, many observers believe that the invasion of Iraq was the latest of Khomeyni's errors. How do you explain this false step?

[Answer] Since his conquest of power Khomeyni has continued to insult his neighboring countries and to interfere in their internal affairs, interfering particularly in Iraq, with which he has felt a personal enmity. In practice, Khomeyni forced Iraq to attack Iran--an attack which we naturally condemned. The Iranian people's resistance was such that Baghdad's troops had to retreat. At that point Tehran should have turned to the United Nations, or to an international organization accepted by both sides, to finally settle the issue. Instead Khomeyni, whose aim is to conquer the entire world and to turn it into a mere Islamic caliphate, ordered an invasion of Iraqi territory so that the population would not notice the disasters caused by this regime. For the same reason he invented the term "great satan" and caused the hostages affair: consider now how ridiculous it is to claim to want to conquer Jerusalem via Karbala. In fact we Iranians are not at war with anyone unless we are attacked. The sole result of the conflict with Iraq hitherto has been the loss of many lives and the emergence within the Iraqi people and the other Gulf peoples of a feeling of antipathy and hostility toward our people.

[Question] Do you believe that the secular bourgeoisie and the national front have committed errors too?

[Answer] The error has been the failure to observe the law or even a minimum degree of democracy in the political field, which is something that would in fact have permitted the population's gradual political growth.

[Question] The spectrum of the opposition to Khomeyni is very broad, but also very split. Do you not believe that this very difficulty has hitherto prevented the opposition from achieving its objectives? Do you believe that the unification problem can be resolved?

[Answer] The opposition can be divided into two major groups: on the one hand, those who from the outset have always opposed the Islamic regime; and on the other, collaborators of Khomeyni, whom Khomeyni himself dismissed on his own initiative. In my opinion, only the former are true oppositionists; the rest are dissidents. There is also a third group of people, who began opposition activity after a lengthy period of silence. You ask me how we can unite all these tendencies. My answer is: Why should they be united? They embrace, among others, individuals and have soiled their hands under the previous regime or under the present one and who have, therefore, been rejected by the population. These gentlemen can participate in the struggle, but they must not presume to assume its leadership. I must add that the Western countries, though they love neither communism nor Khomeyni, nevertheless do not want a national government to come to power in Iran. This is why they are trying to encourage other persons to assume the leadership while at the same time crying crocodile tears because the opposition does not unite.

[Question] What is your personal position?

[Answer] I have always been a follower of the 1906 constitution (the chapter of the constitutional monarchy, abrogated as soon as it was introduced--AVANTI editor's note). If it had been implemented Khomeyni would not have gained power. Of course, even that constitution should undergo certain modifications according with the people's decisions. As far as I am concerned, I tried to cooperate with certain acceptable elements, but then I saw that such an operation would have been unequal to the present situation in Iran. Therefore, I shelved it and continued along my own path--a path that I have been following for 37 years.

[Question] Do you believe that the population's internal resistance, together with a stand by the army and supported by exiled oppositionists, would be enough to deal the coup de grace to the regime? Or would an initiative designed to overthrow him have to be accompanied by a foreign intervention?

[Answer] It depends on what you mean by "accompanied by." If we are talking about moral support, I do not consider that negative. Nor is economic support negative, when it is in line with an Iranian plan and with Iran's interests. The mullahs will not withdraw their hands from the feast so easily: this is why nothing will be achieved without the aid of the army and the ethnic groups and without the support of a people's movement. A coup organized by this or that officer would achieve no result.

CSO: 4623/17

MONTAZERI RECEIVES SUPERVISOR OF HAJJ

Tehran TEHRAN TIMES in English 26 Aug 82

[Text]

QOM (IRNA) -- Imam Khomeini's representative and the supervisor of the Iranian Hajj pilgrims, Hojjatol-islam Musavi Khoeiniha, met and conferred with Ayatollah Montazeri, here Tuesday morning.

First Musavi Khoeiniha submitted to the Ayatollah a report about the actions and decisions made to hold Hajj ceremonies more complete and gloriously.

Ayatollah Montazeri declared that as Imam Khomeini had emphasized everyone should do his best to introduce the real image of Islam and the Islamic Revolution and to reveal the cruelties the enemies of Islam have committed against the Muslims.

The Ayatollah stressed that Muslims of the world must learn that the Muslim nation of Iran was the wronged party in the U.S. inspired aggression launched by Iraq.

Ayatollah Montazeri also urged the head of the Iranian Hajj pilgrims to explain to the world Muslims the catastrophe of the Zionist and Soviet aggressions upon Lebanon and Afghanistan respectively as well as the danger threatening Islam and world peace in this connection.

Meanwhile, Imam Khomeini's representative and the Friday prayers leader of Mashad, Sheikh Abolhasan Shirazi also met and conferred with Ayatollah Montazeri here Monday.

Friday prayers leader of Kazerun and Ghahdarijan, Hojjatol-islam Imani and Hojjatol-islam Seyyed Taqi Hashemi met and conferred with the Ayatollah here Tuesday and delivered reports about the issues of their regions.

IDEOLOGICAL IMPORTANCE OF HAJJ DISCUSSED

Tehran KAYHAN INTERNATIONAL in English 29 Aug 82 p 2

[Editorial by S. Moadab: "The Greatest Islamic Congress"]

[Text]

Planeloads of Iranian Muslims going to Hajj have been leaving for Mecca for the last two days. The case is the same in many Islamic countries the world over. According to Islamic law, the pilgrimage to Mecca is amongst the most important religious duties for the Muslim. The number of Muslim men and women going to the "House of Allah" has been increasing in recent years.

During the spectacular scene of Hajj, one can see the centuries old Islamic slogans in action. People of all ages, races and languages gather for a few days in and around Mecca, stripped of any social or class privileges. A king, president, or rich chieftain is treated in the same manner during the Hajj and to adhere to any sign or symbol of superiority over others is seen as a sin and in some cases invalidates the Hajj.

As congregational and Friday prayers gathers the Muslims in districts and cities, the Hajj calls for an international meeting of Muslims — the greatest Islamic politico-religious congress. Even though in Hajj Muslims are engrossed in remembering Allah, this great Islamic duty calls for interpersonal relations alongside the worship of God.

In Hajj all conditions are naturally and automatically prepared in order that Muslims meet, discuss and take decisions regarding their common enemies, mutual interests and individual hardships. Hajj is the unique opportunity in which all can be said in the simplest way among men and women who have come to Mecca for the same objective.

But like many other Islamic ceremonies in which superficial aspects are emphasized, to the detriment of profound social and human considerations, some people think of Hajj as only a simple religious duty which has nothing to do with politics or the social affairs of Muslims.

It is simply for this reason that for years Muslims came together from all parts of the world but we see millions of Muslims divided, ruled over by satanic forces and exploited by the big and superpowers.

For the Islamic Republic of Iran, since the victory of the Islamic Revolution Hajj has been an opportunity to present the achievements of this revolution and to denounce all counterrevolutionary forces who are actively involved in anti-Islamic plots.

Each Hajj of the last three years for Iran has had its own importance. In the first year the imposed war of Iraq against the Islamic Republic began and we could only send a few thousand people. The Islamic Republic did not have enough time to tell the world what the Islamic Revolution had done in Iran.

Last year a good opportunity was found to expose the conspiracies against us. Hundreds of thousands of men and women understood via their Iranian brothers and sisters that the Islamic Republic was sound despite all the plots staged against it. Thousands of people saw in Mecca that their Muslim Iranian brothers and sisters were voting to elect their president. This was a great neutralizing factor against those who spoke of the instability of the Islamic regime in Iran.

But as expected, our enemies did not stand still and did their best to sow the seeds of difference among non Iranian and Iranian Muslims. Some of them attempted to create provocations so that even some clashes broke out. The counterrevolutionaries who had come from other countries, in the pay of the same masters, spread unfounded rumors about Iran. But they did not succeed in reaching their satanic ends.

This year the situation is totally different. The Islamic Republic of Iran will be represented as the most important force in the region. Thousands of Iranian Muslims will be received by their Muslim brothers and sisters as representative of a powerful nation which has foiled an invasion in which all the powers have been involved.

The Iranian pilgrims this year will speak about the crimes of Reagan and Begin in Lebanon — about how thousands of Palestinian and Lebanese women and children were martyred there. They will tell how the Muslim and oppressed people of Afghanistan have been heroically resisting before a very powerful invading force. They will tell other Muslims how tens of cities and hundreds of villages in Iran have been bombarded by Saddam's army. They will tell how schools, hospitals, and residential areas have been shelled and Hovizeh, Mehran, and Khorramshahr demolished by Saddam's army. They will tell how the Camp David signatories betrayed the Palestinian cause. They will explain how Iran was the only country to send forces to help the Palestinian

and Lebanese forces. They will explain how the long term program of the Zionists has been realized in Lebanon in cooperation with some reactionary Arab states.

All this will be done in a disciplined, and orderly manner. The Iranian pilgrims have been told not to respond to provocation and they are strictly ordered not to get involved with Saudi officials or security agents.

They all know that they are Muslims, in Islam no separation exists between politics and religion and they know that many elements have prepared themselves to distort the Haj of 1982.

This is why we warn clearly that any disturbance seen in Mecca, any provocation observed there or any negatively controversial slogans given, have nothing to do with our Iranian brothers and sisters. All counterrevolutionary elements must be aware that we have prepared ourselves to exercise our Islamic duties in the manner our people deserve. Hojjatoleslam Musavi Khomeiniha will be the official representative of Imam and he has proven his capacity to be the epicenter for decision making for a great people going to fulfill a great duty.

— S. Moadab

CSO: 4600/752

KHOEINIHA, SAUDI OFFICIALS DISCUSS HAJJ PILGRIM'S ISSUES

Tehran TEHRAN TIMES in English 5 Sep 82 p 1

[Text]

JEDDA - Abdolwahhab Abdolwa'se, the Saudi Minister of Hajj and Endowments met and talked with the Imam's representative and head of the Iranian Hajj pilgrims, Hojjatoleslam Musavi Khoeiniha at the residence of the Iranian ambassador Thursday morning.

Welcoming him at the residence of the Iranian ambassador in Jedda, Khoeiniha later complained about the way the Saudi officials treated the Iranians at the airport. He said that the Iranian pilgrims had faced tremendous pressure from the Saudi officials.

"They even," said Khoeiniha "threw away the Holy Qurans and in some cases tore them up when they found them in the baggages of the Iranian pilgrims.

"Your officials have confiscated the Iranian coins bearing the picture of the Mosque of Al-Aqsa on one side and the House of Ka'ba on the other".

The Imam's representative also said that Iranians expected "more Islamic treatment" from the Saudi officials now that an

Islamic Republic has been established in Iran."

Khoeiniha added that it had been observed that the Saudi men officials had tried to inspect the Iranian women even after they had been checked by the women inspectors.

While regretting such an issue, the Saudi Minister of Hajj and Endowment said in reply that according to his government only issues concerning Hajj had to be brought up during the rituals and not special views which were exclusive to some countries.

Hojjatoleslam Khoeiniha then asked him whether issues such as that concerning Israel and its invasion of Lebanon or the Soviet aggression of Afghanistan were to be viewed as issues "concerning certain countries and not the whole Islamic world."

The Saudi Minister afterwards said that such issues had to be discussed by the "elite" and that the "masses" were beyond those matters and could not understand them. He also complained and asked why the

Iranians - had used placards quoting a Quranic verse which ordered the Moslems to "fight the leaders of infidelity" and asked if the Iranians believed there were such figures in Saudi Arabia.

In reply the head of the Iranian pilgrims said that in the Iranian view it was the U.S. and Russia who were the leaders of infidelity in today's world.

CSO: 4600/765

MARTYRDOM SEEN AS MORAL BASIS OF IRANIAN REVOLUTION

Tehran KAYHAN INTERNATIONAL in English 30 Aug 82 p 2

[Editorial by S. Moadab: "Raja'i President of the Oppressed People"]

[Text]

The credibility of the Iranian people in the world depends upon their readiness for sacrifice. If one day an analysis of the psychology of the Islamic Revolution is made, undoubtedly the notion of martyrdom will appear as the most important factor of its victory and the most effective element of its continuation.

It is true that the concept of martyrdom in Shi'ism has a very old background. It is also true that in many nations, we see big undertakings and struggle. But no one can have the least doubt that the Iranian people in the last four years have made unprecedented sacrifices.

This reality has become so widespread and well known that even the enemies of the Islamic Revolution (I.R.) confess to the eagerness of our people for martyrdom.

But how have the Iranian people been so deeply and rapidly transmuted?

How is it that during the shah's reign, except in a few cases of national uprising, any involvement in which personal sacrifice was needed was rare and scarce? To answer this question we have to develop a new discussion on another occasion. But as to what is the reason for the general eagerness for martyrdom here after the triumph of the Islamic Revolution, we can speak a few words.

In our religion it is said that people follow the way of their leaders. That this is a sociological generality we will not discuss here. What is to be said is that the manner in which the leaders behave becomes a symbol for the common people and the latter follow the way the former act.

The first martyr after the victory of the Islamic Revolution is Ayatollah Mottahari. He is among the pillars of the cornerstone of ideological structure in the I.R. The martyred Motahhari is a man known in both the theological schools and the university. Many of the present officials have been his students.

After him comes Dr. Mohammad Mofateh. A man like Motahhari, also a great teacher. Then comes the Imam of Friday prayers in Tabriz Ayatollah Qazi Tabataba'i. After him

we have, in the explosion of the headquarters of the Islamic Republic party, 73 ministers, Majlis deputies and above all Ayatollah Beheshti.

Following this tragic event we have the Imams of Friday prayers in Tabriz, Mashad, Yazd, Shiraz and dozens of popular religious leaders.

Finally we have the president of the Islamic Republic Mohammad Ali Raja'i, his prime minister Dr. Bahonar and chief of Police General Dasigerdi.

Today the Iranian people are commemorating the anniversary of the martyrdom of these three personalities.

Exactly a year ago, Raja'i and Bahonar were martyred in the prime minister's office during a meeting on national security. This event took place at a time when the nation had not yet forgotten the unsuccessful attempts on Hojjatoleslam Khamene'i and the catastrophe of the loss of Ayatollah Beheshti. In other words in less than three months our young Republic had lost three of its leaders ranking after Imam.

The blow inflicted was so heavy that the most optimistic political analysts believed the Islamic Republic was finished.

But to the amazement of the world the Iranian people did not give in and in a very short time the slain judicial, legislative and executive personalities were replaced.

Many other personalities have been martyred since the loss of Raja'i. But every time a plot is laid and a local or national personality is slain the Iranian people become more determined and their desire to participate more actively in the perilous social endeavor increases.

In our way of thinking when the population sees that its leaders take part in the sacrifice and devotion they are encouraged to participate more.

The loss of Raja'i has a great practical significance for the Iranian people. Not only because he came from among the poorest social strata and although the second man in Iran after Imam, he lived in the same manner of the poorest people lived in South Tehran.

Another reason why the Iranian people cannot completely fill the gap created by the martyrdom of Raja'i is that he was a real revolutionary. The way he showed the bottom of his feet at the United Nations to illustrate the tortures he suffered in prison and the resistance he manifested are something unbelievable.

Mohammad Ali Raja'i, the man who lived like Imam Ali (A.S.), the man who by his revolutionary patience denounced the hypocritical Banisadr, the very simple and sincere school teacher is no longer among us. From the prime minister's office where he put all his energy to work he has moved to Beheshte Zahra. The memory of this man to whom a great nation owes a very big debt will always remain alive. Raja'i is martyred, but indeed from every drop of his sacred blood thousands of Raja'is are already born.

Through the children of Raja'i the Islamic Revolution will live and spread to all places in the Islamic world where any oppressed, poor, and deprived individual lives. Raja'i was the second president of the Islamic Republic but in fact the first president of the oppressed people in the world.

— S. Moadab

KHAMENEI WARNS THOSE DISTURBING REGIONAL PEACE

Tehran TEHRAN TIMES in English 1 Sep 82 p 1

[Text]

MASHAD (IRNA) — President Ali Khamenei Sunday warned those who intended to disturb peace and security in the region and stressed that if the enemy attempted to create insecurity in the Persian Gulf region in order to cause a loss to the Islamic Republic, "Iranian combatant forces could preserve peace in the region."

He added that this could be achieved through respect for all the countries of the Persian Gulf region and also the states which did not intend to violate other states' territories. "If others intend to disturb peace in the region, we are authorized to give them a good lesson," the president noted.

Speaking to a gathering of people here, President Khamenei said that international supporters of Iraq and the criminal U.S. should know that Iran would not remain silent towards the U.S.-backed attacks and the Iranians could not remain indifferent towards any aggression against their independence, dignity, and territorial integrity.

He announced that if the Iraqi regime did not stop its offensives, Iran would preserve for itself the right to advance to whatever point it deemed necessary inside Iraqi territory. He stressed that Iran had never sought war and at present it was defending itself. "Iran's entry into Iraqi territory and continuation of the imposed war, is to defend the great Islamic revolution," he said.

The two factors of Islam and vigilance of the people proved the futility of the enemy's calculations that the war could bring Iran to its knees. The enemy, he added, dreamt of the Islamic Republic's defeat in economic fields but later it found out that it was a firm and stable system.

Referring to the Zionist aggression against Lebanon, President Khamenei remarked that the U.S., being scared of the Islamic revolution, was imposing pressure on Palestinian and Lebanese combatants in order to resolve the Palestinian issue for a while and again refer to the Islamic revolution which was more important.

As soon as Islamic combatants of Iran overthrew the

lackey regime of Iraq, they would proceed towards Qods (Jerusalem) and even at present they would not hesitate in rendering any help to the Palestinian forces, the president stated.

He urged the heads of the Arab countries not to remain silent towards the Zionist aggression since the "Lebanon event" was just beginning and called on them not to tolerate Phalangist domination over Lebanon.

Calling on the people to become further prepared in all fields to fight with the U.S., President Khamenei said that all the peoples, especially the world oppressed, had set Moslem Iranians as an example.

President Khamenei reiterated that although the direct

criminal of the war was the Iraqi regime, hands of the U.S. and its lackeys could be seen involved in the Iraqi imposed war. Also, he remarked, these hands could be seen in internal problems such as conspiracies of splinter groups and sowing discord among the people.

He said that if the war did not exist, endeavors would be made to renovate the ruins left by the monarchial regime.

Commenting on the fight against the U.S., the president said that this struggle would continue with the greatest power and the most brutal systems, until the materialization of Islamic principles.

Friday prayers leaders and students of Mashad Theological School met with the president Sunday night.

CSO: 4600/750

RAFSANJANI CHARGES MKO SWITCHING TO TERRORISM

Tehran TEHRAN TIMES in English 28 Aug 82 p 1

[Text]

TEHRAN (IRNA) - Majlis Speaker and Temporary Friday Prayers leader of Tehran, Hojjatoleslam Hashemi Rafsanjani, said here today that the outlawed Mujahideen-Khalq Organization (MKO) had switched from the strategy of assassinating key figures, to one involving the assassination of the Hizbollahis (supporters of the Party of God), and other people who formed the country's military forces.

He said that by their barbarous act of assassination of innocent revolutionaries in the country, the underground organization had become the subjects of much hatred among the masses.

Rafsanjani who was talking to thousands of Tehranis minutes before the mid-day Friday mass prayers held at Tehran University compounds here yesterday, said that as long as the people support their government, terrorism will not be capable of attaining any of its objectives here.

Rafsanjani said that des-

pite the nation's massive contempt against the outlawed organization, its masterminds still naively believe that the MKO still appeals to the people.

He said the underground organization had generated a feeling of animosity among its supporters against all people who are responsible for maintaining law and order. This exploitation, he said, propels its supporters to commit these acts of terrorism.

Referring elsewhere in his sermon to local issues, he reminded the businessmen, shopkeepers and importers that they should conduct their activities in a manner preventing instances of hoarding or profiteering.

Preceding the Hojjatoleslam was Imam Khomeini's representative and organizer of this year's pilgrimage of Iranian Moslems to the Holy Mecca. Hojjatoleslam Khoeha, addressing the audience said that Hajj (pilgrimage to the Holy Mecca) was the only

ceremony in which Moslem, themselves, participated in contradiction against other. Social or political gatherings in which a group of people normally assume to be representatives of the people of a country.

He ridiculed certain dogmatic misconceptions about the pilgrimage to the Holy Mecca, some of which it has been said that Hajj is a solely religious ceremony.

He also reminded the gathering that God Almighty had decreed that Moslems should gather around the Kaaba during the Hajj ceremonies so that they could discuss their mutual problems. He also said political issues should be brought up and discussed by Moslems during the Hajj ceremonies since in them were involved the Moslems' interests and their benefits as mentioned in the Holy Qoran.

Therefore, he concluded that the Hajj sermons was to be regarded as being a politico-religious activity enjoined upon Moslems by Divine Order.

RAFSANJANI REFUTES WESTERN REPORTS ON BLOCKADE OF STRAIT OF HORMUZ

Tehran TEHRAN TIMES in English 6 Sep 82 p 1

[Text]

TEHRAN (IRNA) — Majlis Speaker Hashemi Rafsanjani Saturday evening strongly denied allegations of Western media concerning the blockade of the Strait of Hormuz.

Rafsanjani, who is also Imam Khomeini's representative in the Supreme Defense Council, at the end of the council's Saturday meeting, said that Iran had never said it would block the Strait but had announced that it would make the area insecure and would not let anyone take oil from there. The Persian Gulf was a vital region and, therefore Iran did not want it unsafe. "It cannot be safe for others but unsafe for us. We have resources there other than oil, thus it should remain open," he stressed.

On the situation of oil tankers and the defense of the Iranian forces in Kharg Island, Rafsanjani said that no air attack had taken place over the island and that Iraqis would fire untargeted far-range missiles there which had no military value. The attack was not a new subject but what was new was a fuss by the West to frighten oil tankers not to reach the area, but their schemes failed, he added. Rafsanjani noted that transportation companies should be confident that there

was no danger and that Iran Insurance Company was ready to insure tankers. However, he remarked, there was nothing important on Kharg stressing that Iran's defense was very powerful not allowing a plane to get close to that area. He also denied alleged bombing of the island and said that any plane intended to approach Kharg would be downed.

The Imam's representative in the SDC, on the talks with the Algerian foreign minister, said that several issues discussed such as the Algiers accord, since Algeria was a mediator. They had also proposals for ending the war which should be discussed with the Imam to receive his comments, he said. These proposals were not completely in accordance with Islamic Republic's conditions but had advanced, to some extent, to approach Iran's idea, Rafsanjani added.

Asked about Iranian forces dispatched to Syria, the Majlis speaker said that Iran could not make the final decision on these forces rather was awaiting the decision of Islamic and Arab countries in this regard. The situation in Lebanon was yet unclear and that occupation of Lebanon could not be easily forgotten by the Moslems, he

noted. Although Palestinians had evacuated Lebanon, the expansionist policy of the Zionists should not remain unanswered, Rafsanjani added. As long as the Zionists existed in the region, the desire to struggle against them would not be extinguished, the Majlis speaker remarked.

Commenting on Ronald Reagan's new peace project, he said that the project might grant trivial concessions to the Arabs but would take greater privileges, i.e. official recognition of the Zionist state and also something called the Zionist government.

Iran considered the issue of Palestine as the continuation of its revolution and believed that the region would not witness peace unless this issue was dissolved and the Zionists were rooted out from the area, Rafsanjani said. As soon as Iran became free from the Iraqi imposed war, it would use its

means in the Palestinian front, he added.

Referring to the Non-Aligned Summit and foreign ministers conferences, Rafsanjani said that obviously the meetings could not be held in Baghdad and that if it was to be discussed again, Iran would not let such a happening. The most suitable venue for the conference was New Delhi, India, to which no serious opposition had been made so far.

Referring to the war, Rafsanjani said that Iraq would not yield to the truth and its supporters would not let it do so. He reiterated that the Islamic Republic preferred peace but could not give up its conditions. The Islamic Republic was awaiting the result of the talks currently held in Niger, Rafsanjani remarked, adding that if Iraq insisted on its former position, Iran would make its final decision.

CSO: 4600/766

MOSLEM ULEMA'S SILENCE OVER ZIONIST AGGRESSION BLASTED

Tehran TEHRAN TIMES in English 2 Sep 82 p 1

[Text] TEHRAN (IRNA) - Majlis Speaker Hashemi Rafsanjani Monday criticized Moslem Ulema around the world for their silence over the Zionist aggression in Lebanon. "All the Ulema are silent in the world. Al Azhar (theological university in Cairo) is silent, the universities in Medina are silent and the Iraqi Ulema are not speaking," Rafsanjani said.

The Majlis speaker, who was speaking in a meeting with the Friday prayers leader of Paveh in Bakhtaran province, Molla Qader Qaderi, said that those who claimed to have an Islamic government and those who claimed to be the servants of the Holy Islamic Shrines had joined in the conspiracy along with the Zionists in massacre of the Moslems in Lebanon.

"Such a great crime has been committed (by the Zionists) and they (the reactionary regimes) act as if nothing has happened," Rafsanjani said. He added that along with their humiliating policy towards the massacre of the Lebanese and Palestinian people, the reactionary Arab governments had even gathered to ratify the "Fahd plan", which called for

the recognition of the Zionist regime.

Concerning events in the Kurdistan region, Rafsanjani said that the rebels fighting against the Islamic Republic there were lying about their true intent. He said that the rebels were separatists despite their claims stating otherwise.

Kurdistan, he added, was one of the poorest regions of the country and he said that it was the responsibility of the Islamic Republic to surmount the problems there.

Meanwhile on Tuesday, Rafsanjani in a meeting with Imam said that if Islamic countries, for only one month, severed relations with the U.S. and cut off oil exports as well as economic ties with it, they could prevent the tragedy that occurred in Lebanon.

This event, he stressed, attracted the attention of the oppressed of the world to the Islamic Republic of Iran.

Rafsanjani congratulated the Imam on the birth anniversary of Imam Reza (AS), the eighth Imam of the Prophet's Household, on behalf of Majlis deputies, IRGC commanders, Iranian charge d'affaires and

ambassadors abroad and Ulema from Paveh, Uramanat and Kurdistan.

He said that what happened in Lebanon had no precedent in world history. In a country where two thirds of its population, about 20 million, were Moslems, and thousands of Palestinians took refuge, a Christian minority of a Phalangist nature came to power. Before the eyes of the Islamic countries this catastrophe occurred with the collaboration of oil rulers, human rights organizations and the Zionist regime backed by the United States in a country where Palestinian combatants and refugees had found a shelter, the Majlis speaker remark-

ed. Unfortunately the upcoming Islamic summit conference intended to approve this dreadful crime he noted

Also, commander of the Islamic Revolutionary Guards Corps Mohsen Rezai said that in a recent seminar of IRGC commanders they came to a conclusion that the U.S. and Islam were opposing each other. The Soviet Union, Rezai added lost a golden opportunity in Lebanon which indicated that Marxism and the U.S.S.R. surrendered to the U.S. and handed over Soviet bases to it, one after another. Therefore, the only issue confronting the United States was Islam, the IRGC commander said.

CSO: 4600/763

FATE OF QOTBZADEH REVIEWED

GF150711 (Clandestine) Radio Iran in Persian to Iran 1330 GMT 14 Sep 82

[Unattributed commentary]

[Excerpts] [passage indistinct] as we informed you at the end of last week, Radio Iran, through reliable source close to the Supreme Judicial Council, discovered that Sadeq Qotbzadeh, prior to the start of his famous coup plot, arranged to take a complete file of the criminal actions of the regime, the events prior to and after the revolution and especially documents concerning the secret deals Khomeyni made in Neauphle Le Chateau outside of Iran, and put them at the disposal of some friends to save his life by threatening publication of this revealing file should the coup be discovered.

Radio Iran also discovered that Ruhollah Khomeyni has ordered the formation of a special commission to send agents abroad to establish contacts with known friends of Qotbzadeh in order to discover the hiding place of this file and the identity of those who are holding it for Qotbzadeh and to strike a deal with them at any price. It seems that a number of these agents are presently in the United States, Switzerland and France, but have not yet succeeded in locating the hidden file on Ruhollah Khomeyni. It has been said that millions of dollars are at the disposal of these agents to buy off Qotbzadeh's trusted ones. Independent investigation by Radio Iran has revealed that should it become necessary, the secretive friends of Sadeq Qotbzadeh, whoever they are, are in a special position to quickly and extensively publish the documents held in trust by them through the press and mass media of the free world. They would be able to expose the regime of the Islamic Republic once and for all. Considering these conditions and the clarification of the immense problem that Khomeyni is facing, it is easy to understand why the verdict on Qotbzadeh has been postponed in such an unprecedented manner.

The regime hopes to find the hidden documents before a public outcry. However, until that time, it is forced to postpone the court's verdict, since after it is announced the regime will have no excuse at all not to carry it out. On the other hand, there is a great fear inside Khomeyni that should the documents not be found soon, he will be helpless, since he is well aware that if he is forced to announce a verdict other than death for Qotbzadeh, then he will no longer be able to explain this to the people, irrespective of all his powers for mass deception.

Another problem that the regime is facing for the first time in relation to Qotbzadeh is the lack of power to use torture. This is because, according to our latest information, Qotbzadeh's threat to release documents on the regime, applies to torture as well. He has warned that if even a hand is raised against him his friends will publish the documents abroad. What secret codes exist between Qotbzadeh's friends in Tehran and those in charge of the documents abroad is only known to the Almighty. [words indistinct] Qotbzadeh's friends are aware of the situation in the prison and his condition.

A great tactical error made by the regime in this respect, and which it is desperately trying to overcome, was its thoughtless and immediate execution of those accused of being second degree accomplices. Had they not been executed, then the regime may have been able to claim, by various deceitful excuses, that all of the accused have been dealt with equally and thus divert the public opinion. However, due to the inauspicious luck of the regime, the revolution courts in the beginning condemned a few in haste and prepared the ground so that no effort by the regime today can repair the damage.

Concerning the revealing documents, which are the cause of grave concern for Khomeyni, it is said that some deal with as yet unknown details on how (?the regime came into power) and also outline details of his meetings with British and U.S. representatives and clears up the cloudy points of this abominable plot which resulted in the establishment of ignorance and barbarity in our country.

There is no doubt that due to lack of free press and freedom of speech or any power to make the government account for its actions, the Iranian nation is unable to force the regime of cruelty, deception and corruption to account for itself. However, in such circumstances it is the duty of the public to awarely follow this latest uproar of the mullahs until they are dishonored. It is obvious that Radio Iran will do its utmost to find the truth and keep the compatriots informed about new developments in this mysterious event.

CSO: 4640/485

AZIZI EXPLAINS LATIN AMERICAN TOUR

Tehran TEHRAN TIMES in English 28 Aug 82 p 2

[Text]

TEHRAN (IRNA) — Deputy Foreign Minister Ahmad Azizi who had gone to Cuba, Nicaragua and Peru to clarify and outline the stands of the Islamic Republic of Iran vis-a-vis the Non-Aligned Movement, the Non-Aligned Summit conference and the foreign ministers' assembly, returned to Tehran Wednesday.

Azizi, during his 14 day trip, met with the heads of the said countries and presented to them the messages of President Khamenei.

In his meeting with Cuban leader Fidel Castro, Azizi said that he thanked Cuba's response towards "the realistic wave" which had arisen among the Non-Aligned members concerning the future of the Non-Aligned Summit

meeting. He added that Cuba's invitation of the Non-Aligned foreign ministers to Havana was an appropriate measure.

The Foreign Ministry undersecretary said that he made it clear to the Cuban officials that the postponement of the Baghdad summit was not probable, despite predictions of some Non-Aligned nations that the Iraqi imposed war would end in a few months. He said that this was because the Islamic Republic combatants were continuing their efforts against Iraq, and there was no guarantees that such predictions would be realized.

Concerning relations with Nicaragua, Azizi said that in his meeting with Daniel Ortega, the head of Nicaragua's gover-

ning Council, the two officials conferred on expanding relations between the Islamic Republic and Nicaragua. Azizi said that this country's foreign minister was given an invitation to visit the Islamic Republic of Iran.

Commenting on the position of the Islamic Republic's future relations with the new Lebanese government, he said that the Islamic Republic would analyse and reconsider its relations with that country. Azizi also said that the obvious nature of the newly elected Lebanese President, Bashir Gemayel, and his dependence on the U.S. and the Zionist regime would naturally bring the Islamic Republic into a new stage of relations with that country.

REVISION OF IRAN-SOVIET TRANSIT AGREEMENT PROPOSED

Tehran ETTELA'AT in Persian 23 Aug 82 p 2

[Text] Brother Kerbasian, deputy for transportation affairs of the ministry of roads and transport, described the results of the Iranian delegation's recent trip to the Soviet Union in an exclusive interview with IRNA yesterday morning.

He began by mentioning that the goal of the Iranian delegation's visit to Moscow, which he headed, was to participate in the Permanent Transportation Subcommittee of the Iran-Soviet Union Economic Cooperation Committee. He said: This committee was formed 11 years ago, and it convenes on alternate years in Iran and the Soviet Union.

He added: The Iranian delegation was headed by the deputy for transportation affairs of the ministry of roads and transport, and included the managing director of the Islamic Republic Shipping Organization, representatives of the railroad, customs, the Ports Organization, and the ministry of foreign affairs, and experts from the organs concerned. It engaged in discussions with the Soviet side from 9 to 14 August 1982.

Kerbasian stated that the items discussed were current issues and problems concerning transportation. As an example he mentioned loss and damage to Iranian transit goods, and added: Damages incurred by Iranian transit goods which are imported via the Soviet Union have not been resolved over a number of years. At this visit the delegation succeeded in reaching agreements in this area.

He added: It was resolved that these damages would be paid during the next two months after the necessary study. Fortunately, the first check of damage repayment was made over to Iran while the Iranian delegation was engaged in negotiations in Moscow. Kerbasian termed the resolution of the problem of damage and loss of Iranian transit goods as one of the Iranian delegation's greatest successes during the visit.

He also said: Another item discussed with the Soviet Union was the railroad issue and problems arising from rail transport. It was decided that a subcommittee composed of Iranian and Soviet representatives would pursue the abovementioned problems in Baku in March 1983.

He said: During these talks we requested the Soviet Union to inform our customs of the kind and date of arrival of Iranian transit goods being transported from Europe via the Soviet Union. Thus the customs involved can prepare itself to receive those goods.

Kerbasian added: In these discussions the government of the Islamic Republic of Iran announced that it is prepared to increase the off-loading and loading capacity of Anzali and Noshahr ports to 1.2 million tons annually, in cooperation with the employees of the Ports and Custom Organization and in coordination with the ministry of transport's deputy transportation office.

He said: Last year the level was 740 thousand tons. As Kerbasian continued his speech, he said: During the detailed discussions we had with the Soviet Union, we announced that Iranian shipping in the Caspian Sea is of interest to Iran. Several years of bilateral discussion in this area have not gotten anywhere. On the condition that we are able to increase the volume of exchange with the Soviet Union to the point that at least 50 percent of the goods entering or leaving Iran are carried on our ships, we proposed that a joint Iranian-Soviet shipping organization be formed. We announced that it is Iran's right to use shared waters.

He added: After detailed discussions with the first deputy of the Soviet ministry of shipping and the permanent committee delegation, it was agreed that Iran's proposals would be sent in writing to the Soviet Union within two months. At the same time it was agreed that Iranian and Soviet experts would convene in Tehran and Moscow during the first three months of 1983 and prepare the final phases of the plan.

Kerbasian added: The Soviet Union was notified that increased imports to the Islamic Republic of Iran from the Soviet Union depended on an increase of non-petroleum goods being imported to that country from the Islamic Republic of Iran. In this instance, "Kuryof", deputy of the Soviet Union's Foreign Trade Committee, promised help.

Concerning the Iran-Soviet Union Transportation Company, the deputy for transportation affairs of the ministry of roads said: This company is responsible for an agency for Iranian-Soviet transportation. It was founded on a 50-50 basis by Iran and the Soviet Union. We have proposed that branches should be established in Baku, Peti and Jolfa in the Soviet Union. It was decided that the managing board of the aforementioned company take the necessary actions.

Kerbasian said: During talks with the Soviet delegation, we declared that the agreement on transit goods between Iran and the Soviet Union must be revised so that the interests of the Islamic Republic of Iran can be incorporated in it.

At the end of the interview brother Kerbasian said: During the trip the delegation from the Islamic Republic of Iran took part in Friday prayers in Moscow, and there were conversations with the Friday prayer leader and members of the congregation. He said: Moscow's Muslims expressed an intense interest in imam Khomeyni, and showed an intense interest in religious books and photographs of imam Khomeyni. At the same time Muslims in that country strongly condemned the crimes of the Zionist regime's forces in Lebanon.

9597

CSO: 4640/459

SPARE PARTS FOR TRANSPORT VEHICLES GET PRIORITY

Tehran JOMHURI-YE ESLAMI in Persian 29 Jul 82 p 9

[Interview with Mehdi Karbassian, deputy of the Ministry of Roads and Transport; date and place not specified]

[Text] Three million dollars has been provided by the Ministry of Roads for brake pads, and after they are imported they will be given to the truckdrivers. Eighty percent of the ordered spare parts for Mac, White, Benz, Internash, Volvo, and other heavy duty trucks, in the amount of \$27 million, has arrived at the customs of the country.

Mehdi Karbassian, deputy of the Ministry of Roads and Transport, and the chief of the National Coordination Committee of Transport and the Economic Crusade Headquarters, participated in a press and television interview, and explained the activities of the Coordination Transport Committee and delivery of goods from the countries ports, especially the basic goods needed by the people.

First he referred to the formation of this committee and said: "Coordination in respect to the transport of goods, has caused a break in the ship's waiting lines, which are waiting for their turn to unload goods in the southern water fronts. This matter is very important for the country in terms of saving foreign currency, since these ships were costing Iran \$10,000 demurrage for each day's delay."

He added "With attention to the decrease of the capacity of the southern ports, caused by the imposed war, during the previous 4 months, the maximum cargo unloading was done in these ports."

About the amount of cargo unloading in the country's ports in the first 4 months of the current year he said: "During this time, 3,540,654 tons of goods have been unloaded in the ports of the country, and at the same time 4,516,918 tons of goods have been transported from the ports to the consumption areas, and during this time the trucks have made 217,847 trips to transfer this cargo."

Karbassian added: "Of the total goods, 420,000 tons of wheat, 460,000 tons of fodder, and 480,000 tons of chemical fertilizer, have arrived in the country."

The deputy minister of the Ministry of Roads and Transport for Transportation Affairs, in regard to the problems of truckdrivers said: "The spare parts are the biggest problem of the truck owners, who travel to the southern ports to transport cargo. The spare part hoarders also have pressured these hardworking people, and sometimes sell the brake pads for 10 times more to the truck-owners."

Karbassian said: "To solve this problem a committee is formed from the representatives of the Ministry of Heavy Industries, the center for supply and distribution of spare parts of the Ministry of Commerce, and also the Ministry of Roads and Transport, and it is agreed that until the end of the war and elimination of the final difficulties of the drivers, road transport equipment gets priority, and the needed foreign currency for importing the spare parts for these vehicles will be provided."

He added: "In respect to these questions, and due to the national needs, the Ministry of Roads and Transport will give \$27 million, from our allocated foreign currency budget for importing heavy road-making machinery to the import companies of spare parts of Mac, White, Benz, Internash, Volvo and other heavy duty trucks, and fortunately 80 percent of the ordered spare parts has arrived at the customs of the country." "We hope to sell these spare parts in the shops at the entrance of the cargo entering the country directly to the drivers, especially ones established in Bandar'Abbas."

He said: "Along with this locality solution, to encourage the drivers, the Ministry of Roads and Transport has given \$3 million of foreign currency to the brake pad importers, and after their arrival, they will be sold to the truckdrivers."

The deputy minister of the Ministry of Roads and Transport added: "Priority in distribution of the mentioned spare parts will be given to those drivers, who have shown greater sacrifices for the revolution, and the needs of the people, and, in the heat of summer, have traveled to the southern ports, and war fronts, to transport cargo." He mentioned the purchase and distribution of 43,000 truck tires, and also 1.5 million liters of motor oil needed by the trucks as another part of activities of the Ministry of Roads and Transport in providing the necessary needs of the truck drivers.

He said: "With the help of national industry organization, the distribution of needed alternator belts, and oil filters has started and these are being sold in Bandar'Abbas at government prices, and along with that, we hope to take steps in regard to the welfare of the drivers."

He asked the Ministry of Commerce and the Ministry of Heavy Industries to prevent overcharging and hoarding of these parts with additional supervision of distribution of spare parts, and with proper planning to solve the problems of spare parts in the future.

At the conclusion of the interview he mentioned the terminal restaurants, bathhouses, and mosques, built in Bar'Abbas, and Bandar Bushehr and ones which are going to be built in Bandar Imam Khomeyni, as another step toward the road transport aspect and driver conveniences.

He said: "In regard to the road facilities question, meetings have been held with the responsible authorities of the Ministry of Islamic Guidance, and it was decided that this ministry use more supervision in the roads."

9815

CSO: 4640/436

NATIONWIDE ECONOMIC PLANNING CONDUCTED

Tehran JOMHURI-YE ESLAMI in Persian 31 Jul 82 p 9

[Speech by Dr Banki, chief of the plan and budget organization]

[Text] Dr Banki, minister of state and chief of the plan and budget organization, visited Hamedan yesterday morning to study the problems of Hamedan Province, and to discuss and exchange opinions with the responsible authorities of this province and to start economic planning. He was accompanied by the deputy director for planning, chief of the coordination affairs office, and the regional affairs specialist of the plan and budget organization.

According to the report of the ISLAMIC REPUBLIC NEWS AGENCY, after entering Hamedan, Dr Banki, in a meeting with Ayatollah Nguri, the Imam's representative and the Friday Imam of Hamedan, brother Saleh, the governor, and the director of the plan and budget organization of Hamedan, explained the policies of economic and social planning at the provincial level and the need for the vast and active participation of the planning councils and committees of each province in compiling their development and economic planning for presenting them to the cabinet and the Majlis.

He referred to the formation of the supreme planning councils in each province and cooperation of the provincial planning council with the supreme planning council and said: "Over 5,000 people in these councils are busy planning and conducting economic projects for the provinces." He added: "It is considered that in the near future, the reports of these councils will be compiled and published as an encyclopedia for the use of everyone and with study of these reports, they will be familiar with the situation of the province and will realize what the existing situation is in each province and how much work is done with respect to agriculture, industry, and development activities and what is lacking in each province."

Then he emphasized the need for meeting the human and technical potential of each province and their asserted role in future planning and added: "In August-September of the current year, one person from each division of economic activities, whether agriculture, industrial development, welfare or others of each province will be sent to Tehran to present the projects and these brothers, along with their other colleagues will present their projects to the assembly for approval of the projects. After considering the suggestions of the

ministries, the essential plans and budgets in each field for the provinces will be approved. The approved projects, after being coordinated with the plan's budget organization, will be presented to the cabinet and the Majlis."

Dr Banki then referred to the general policy of the Islamic Republic in attaining self-sufficiency and added: "In order to attain these goals special priority will be given to agriculture and other economic activities, based on strengthening agriculture as much as possible."

9815

CSO: 4640/436

MORE LAND TO BE CULTIVATED IN ESFAHAN PROVINCE

Tehran JOMHURI-YE ESLAMI in Persian 1 Aug 82 p 9

[Text] For the operation of a second irrigation network project in Kuhrang, this month, one of the canals of the redirected dam of Nekuabad in Esfahan, with its completed water insulation, will be tested.

This subject was announced in a special interview held by the ISLAMIC REPUBLIC NEWS AGENCY reporter with deputies and responsible authorities of different departments of the regional water organization of Esfahan. This canal, with its 52 kilometer length out of the 59 kilometer length of the main canal, covers 90 percent of the irrigation network of Zayandeh Rud [river] and after being tested will gradually start operation. The effect of the operation of this canal is to increase the cultivated land up to 5,000 hectares in the Lanjan-e Payin area, parts of Marbeyn, and parts of Jay, and control of water use and prevention of water loss in the area.

In an interview with a responsible authority of the regional water organization of Esfahan, reference was made to the development and irrigation projects. He referred to the project of irrigation and the drainage network of Zayandeh Rud of which, the irrigation and drainage networks to the left of Nekuabad, which have a capacity of 50 cubic meters of water per second, is a part. Also, reference was made to the irrigation and drainage network to the right of Nekuabad and the supplementary Khurang project aimed to transfer water from the upper branches of Karun to Zayandeh Rud, and the irrigation and drainage network to the right of the waterfall were mentioned.

According to this report, the completed project of Kuhrang, which includes the dam and a second tunnel of Kuhrang, is aimed at adding 160 million cubic meters of water to Zayandeh Rud. The plans have been drawn, and it will start operation in 1986. The project consists of two parts:

The first part of the project will add 160 million cubic meters of water to Zayandeh Rud yearly. It will be 3 kilometers in length and 4.2 meters in diameter. Its maximum water transmission capacity will be 53 cubic meters per second, and will consist of one diverted dam of 22 meters high and 70 meters wide.

The second part of the Kuhrang project will consist of one tunnel with 10,200 kilometers in length, and 3 meters finished diameter, and three small dams, with heights of 11, 5, and 11 meters. The maximum capacity of the tunnel will

be 14 cubic meters per second, and during the year it will add 90 million cubic meters of water to Zayandeh Rud.

In this interview, reference was made to the previous record of the implementation of the project. It was mentioned that the first contract of the project was signed with an Iranian contractor in 1973. After completing 20 percent of the network, the contractor was fired and the project was given to a Japanese firm. Although the project consultant was a French firm, due to unsatisfactory work, it was agreed that the consulting duties of the project will be handed to our colleagues of the regional water organization. This was done when 30 percent of the project was completed. After the project is completed, the highest yearly level of water in the tunnel [sic] during operations will be 250 million cubic meters. According to the initial report the budget for this project has been 5,794,000,000 rials. It was hoped that with price adjustments, it will not exceed 900 million tomans. The complete operation of this tunnel and water carrying network has three aims: to provide water for big industries, agriculture and drinking. When implemented, around 5,000 hectares of more land will be cultivated. At present, with the operation of Zayandeh Rud dam, 10,000 hectares of land located under the dam is irrigated.

9815

CSO: 4640/436

WEST AZERBAIJAN GETS DEVELOPMENT FUNDS

Tehran JOMHURI-YE ESLAMI in Persian 31 Jul 82 p 9

[Text] At present, 106 development projects with over 5,085,000,000 rials from the credit fund of national and provincial funds under the supervision of the office of housing and urban development of west Azerbaijan are in the process of implementation. From this amount, a credit of 3,070,674,000 rials, has been allocated to 49 projects from the national projects fund and 57 projects will receive 2,014,342,000 rials from the allocated provincial project fund.

The director general of housing and urban development in a special interview with the reporter of the ISLAMIC REPUBLIC announced this subject, and added: "Among the projects from the credit allocation of national projects, in the process of being implemented, is the establishment of 914 low price housing units, a 35 unit government housing project for the police department, and 20-unit government housing project for the gendarmerie, 154 housing units for the employees of the tobacco organization, and 76 housing units for martyrs' families, and a few construction projects for government organizations. He added, "Fifty percent of these projects will be completed in the current year, and will start earning revenues. Among the projects anticipated for completion are the 100-unit low price houses project in Kho'y, 330 housing units in Oromieh, 40 low price housing units in Naghdeh and 26 low price housing units in Paldasht Maku. An average house has a 100 square meter foundation.

"Also the construction work on 76 housing units for the martyrs' families with an allocation of 80 million rials is being built rapidly. These houses will be turned over to the martyrs' families this year after completion."

He pointed out that in the current year for completion of national development projects 1.04 million rials is allocated, and he described the extent of the improvements of the provincial development projects and said, "for implementation of the development projects in the current year, 703,856,000 rials from the provincial funds have been transmitted to the office of housing and urban development."

He added: "From the allocation of provincial projects, at present, we have the construction of 90 low price housing units, a 108-unit government housing project for employees, 58 government houses for teachers, 80 rural houses, in Golmarz County in Aromieh, 110 rural housing units in Rasul Ahad in Miandoah,

277 housing units in Sad-e Aras, as well as the construction of three post offices, and 10 physical education centers, 10 rural welfare and prosthetic centers, and 9 third, fourth, and fifth grade health centers, and several units of administrative buildings, and other government installations. Altogether 2,014,342,000 rials has been allocated to city regions and districts governed by west Azerbaijan for the implementation of various projects."

9815

CSO: 4640/436

OIL TANKER TRAFFIC AT KHARG ISLAND VIEWED

GF161652 Tehran JOMHURI-YE ESLAMI in Persian 4 Sep 82 p 9

[Economic Section]

[Excerpt] The Insurance Company of Iran has announced that it is ready to insure all of the oil tankers that travel to Iranian ports at 1 percent in order to fight the economic propaganda of international insurance companies. According to a report by our economic correspondent, Dr Honardust, who is the deputy minister for international petroleum affairs at the Petroleum Ministry, after announcing this, in response to the recent plots of the imperialist media: This Zionist propaganda plan is a part of an organized plan and is a plot that is getting ready to be carried out by the international insurance companies, Western newspapers, oil cartels and the reactionary shaykhs. He continued: The absolute truth that should be mentioned is that during the 2 years of the imposed war by the infidel Saddam on the Islamic Republic of Iran there has not been any delays on exports not even for 1 day. He also said: During the war to date, 62 Iraqi airplanes have been destroyed by the powerful fire of the Islamic Republic in Kharg Island which became their burial ground.

Concluding, he listed the ships that have traveled to Kharg Island during the past 2 weeks and continued on to their destinations to our economic reporter. This list is as follows:

1. "Sea Song" with the capacity of 1.5 million barrels, destination Europe, carrying heavy and light [crude].
2. ("Sugola Kansay") with the capacity of 1.5 million barrels, destination Japan, carrying heavy and light.
3. ("Dolsi") with the capacity of 1.6 million barrels, destination Rotherdam, carrying heavy and light.
4. ("Rozlut") with the capacity of 2.5 million barrels, destination northern Europe, carrying heavy and light.
5. ("Qabiyeen") with the capacity of 2 million barrels, destination northern Europe, carrying heavy and light.

6. "Maharashi Kar" with the capacity of 800,000 barrels, destination India, carrying light and heavy.

7. "Saint Marcos" with the capacity of 652,000 barrels, destination India, carrying fuel oil.

8. ("Aten Yen") with the capacity of 376,000 barrels, destination Aden, carrying light.

9. ("Nicus-m" with the capacity of 1.5 million barrels, destination Italy, carrying light and heavy.

10. ("Seyhan") with the capacity of 1.5 million barrels, destination Rotherdam, carrying light.

11. ("Patian") with the capacity of 735,000 barrels, destination FRG, carrying light and heavy.

12. "Arizona" with the capacity of 700,000 barrels, destination Turkey, carrying light and heavy.

13. "Alpida" with the capacity of 1.5 million barrels, destination northern Europe, carrying light.

CSO: 4640/485

BRIEFS

DEMOCRATIC PARTY MEMBERS--Kordestan--The public relations office of the Islamic Revolution Guards of Kordestan has announced: After the return of the deceived people to Islam on 23 August, two deceived members of the defunct Democratic Party, who had discovered the truth about the leaders of this treacherous minigroup, surrendered to the Islamic Revolution Guards of Baneh and asked for mercy. In addition, another deceived Democratic Party member, named Hamid Maleki, in Cheraqabad Zone, surrendered to the guards of Dehloran with one grenade and asked for mercy. [Text] [GF160740 Tehran JOMHURI-YE ESLAMI in Persian 25 Aug 82 p 2]

KORDESTAN ATTACK--Kordestan--The public relations office of the Islamic Revolution Guards of Kordestan, in a contact with our reporter, announced that during a successful operation on 23 August, the brave fighters purged the villages of (Parcheh, Maleh Darreh and Daluneh Kohnah) in Kordestan and dealt a big blow to the about-to-die body of the counterrevolutionaries. In this operation the Islamic fighters returned to the headquarters unharmed. [Text] [GF160736 Tehran JOMHURI-YE ESLAMI in Persian 25 Aug 82 p 2]

PIRANSHAHR FIGHTING--Urumiyeh--The Hamzeh Seyyed Ashshohada headquarters, in a phone contact with our reporter, announced: The purge of (Ushnu Zang, Balaban Chelhechah, Kandareh and Zangabad) villages in Piranshahr started early yesterday and ended at 1200. In this operation about 10 counter-revolutionaries were killed and 20 wounded. One vehicle and a lot of equipment, including binoculars and ammunition, and many documents were discovered. In addition, a large amount of smuggled goods and alcohol was found and sealed in the places of the counterrevolutionaries in the named villages. No harm came to the Islamic forces. [Text] [GF160731 Tehran JOMHURI-YE ESLAMI in Persian 25 Aug 82 p 2]

SURRENDER IN KORDESTAN--Urumiyeh--One of the leaders of the armed ruffians in the (Aland) area of Salmas was wounded in a clash with the brother guards. Other mercenaries were either wounded or killed. According to the same report, following operations carried out by the self-sacrificing revolution guards of Khoy on 25 August in the (Qatur) District of Khoy and the (Aland) District of Salmas, Zaher Badri, one of the leaders of the armed bandits and ruffians, who had committed several murders including the martyring of the Khoy

governor and a number of gendarmerie commanders following the victory of the revolution in the area, was wounded. Following this operation 15 of his followers who had become repentant having realized the nature of their leaders and repentant of their past shameful acts came to the revolution guards with their arms and received amnesty letters. The Khoy revolution guards, in this connection, have issued a warning to all individuals who have not yet surrendered informing them to do so before it is too late otherwise no further excuse will be accepted. According to the same report, all the brother guards returned to their bases unharmed. [Text] [GF161558 Tehran KEYHAN in Persian 5 Sep 82 p 1]

MINIGROUP MEMBERS ARRESTED--The Tabriz Revolution Guards, in the period 30 August-3 September arrested four members of the infidel Feda'iyān-e Khalq--minority minigroup; three active supporters of the terrorist hypocrite minigroup [Mojahedin- Khalq]; and a member of the U.S. Muslim Masses Party. On 1 September one of the deceived members of Komeleh minigroup, who had realized the American nature of this minigroup, surrendered to the forces of Islam and asked for amnesty. Three deceived members of the counterrevolutionary democratic minigroup surrendered to Baneh Islamic Revolution Guards with 3 colts and asked for amnesty. The same report indicates that two members of the armed illegal minigroups surrendered to Baneh Islamic Revolution Guards on 1 September with one M-1 and asked for amnesty. [Excerpts] [GF160721 Tehran KEYHAN in Persian 5 Sep 82 p 4]

'BBC' PERSIAN CAST--As we stated the news on Tehran and Tokyo's readiness to resume talks about the construction of Bandar-e Shahpur petrochemical complex was reported by the BBC. In the report Bandar-e Shahpur was repeatedly called Bandar-e Khomeyni. We inform the people who work for the Persian section of the BBC--the voice disseminating organization of "Great" Britain--who are experts at their job that the official Iranian geography [books] list no port called Bandar-e Khomeyni. The correspondents and those in charge of BBC's Persian section who are "experts" in their jobs obviously have ignored the fact that the name changes by the regime of Khomeyni have neither been put to the vote of the Iranian nation, nor have Iranian nationalists approved it. Therefore, calling a port in southern Iran Bandar-e Khomeyni and repeating the name, if not the result of a lack of knowledge of geography by the Persian speakers at the BBC, is logically the approval of these "experts" for the so-called regime of the Islamic Republic in Iran that the Iranian patriots have been fighting for the past 3½ years. If the name was not deliberately repeated by the BBC then our mentioning this should be looked at as only a reminder. Thus eliminating a cause of complaints by some of our friends to us. [Excerpts] [GF120608 (Clandestine) Free Voice of Iran in Persian to Iran 1500 GMT 11 Sep 82]

AHVAZ COURT SENTENCES--According to the Central News Unit in Ahvaz, the Islamic Revolution Court judge in Ahvaz sentenced 13 criminals for various crimes during the past week. Among the 13 being sentenced were Farzana Hoshmandi, son of Hassan, who was sentenced to life imprisonment for actively participating in the hypocrites organization, Mas'ud Shahedi who was sentenced

to 5 years in prison for being a member of the hypocrites organization, (Sakena Faramarzi), son of Mohammad, who was sentenced to (?ouster from Zanzan) for participating in the anti-Muslim hypocrites organization and Qodratollah Mashqandi, som of Baitollah, who was sentenced to 6 months in prison, 1 year's probation and 60 lashes for cooperating with hypocrites. [Excerpt] [GF161848 Ahvaz Domestic Service in Persian 1330 GMT 16 Sep 82]

NEW EDUCATION APPOINTMENTS--The public relations department of the Ministry of Education and Culture announced the appointments of Mr Aynollah 'Ali as director of public relations and Majlis affairs and Mr Behruz Maku'i as the director for financial and administrative affairs of the ministry. [GF150714 Tehran KEYHAN in Persian 30 Aug 82 p 19 GF]

IRAN AIR PILGRIM FLIGHT--Tehran (IRNA)--The Minister of Roads and Transportation, Hadi Nejadosseini, announced Thursday that beside the 87,000 Iranian pilgrims, another 50,000 pilgrims from Nigeria would also be flown to Saudi Arabia. These flights will leave from four Iranian airports to Jedda within the next 27 days. He added that over 3,000 Iranian pilgrims would be flown if possible, without any delay in flights to Jedda from Tehran's Mehrabad airport in 12 flights a day. The Iranian minister expressed hope that the Saudi authorities would give the necessary cooperation to representatives of Iranian aviation, agencies and Hajj Organization. He stressed that, of course, neglect in this regard for providing the necessary facilities for the pilgrims would indicate their negligence towards Hajj pilgrimage. [Text] [Tehran TEHRAN TIMES in English 29 Aug 82 p 2]

OFFICIALS MEET WITH AYATOLLAH GOLPAYEGANI--Tehran (IRNA)--The Commander of the Islamic Revolutionary Guards Corps, Mohsen Rezaie, along with other members of the IRGC Command Council and Hojjatoleslam Karrubi and the director of the Inspectorate General of the country, Hojjatoleslam Mohaqea-Damad, visited Ayatollah Golpayegani at Tehran's heart hospital Friday morning. Ayatollah Golpayegani told the visitors that he "is nothing compared to those crippled by the war," and he expressed hope that the Islamic combatants would be victorious in their war efforts. Ayatollah Golpayegani is presently recovering from an abdominal bone fracture since being brought from his place of residence in Qom to be treated here on Aug 10th. The visiting officials also met with two other prominent patients at the hospitals, Hojjatoleslam Ehsan-Bakhsh, the Friday prayers leader of Rasht, and Ayatollah Qazi-Dezfuli. Hojjatoleslam Ehsan-Bakhsh said that he was waiting to hear the "new code name" of the next offensive to be undertaken by the Islamic forces. [Text] [Tehran TEHRAN TIMES in English 29 Aug 82 p 2]

CSO: 4600/749

IMPLICATIONS OF KHARG ISLAND THREAT VIEWED

Paris AN-NAHAR ARAB REPORT & MEMO in English No 28, 30 Aug 82 pp 3-4

[Text]

The Gulf war between Iran and Iraq entered a dangerous new phase last week with the Iraqis zeroing in on Iran's giant oil export terminal on Kharg Island as a prime target for attack and fears that Iran could retaliate by closing the Gulf to shipping. Iraqi warplanes bombed the island for the second time in a week and an Iraqi military spokesman claimed that direct hits had been scored on oil installations. He said the bombing was in reply to Iranian shelling of economic installations in the Iraqi port of Basra and two other towns close to the Iraqi-Iranian border. Iraq said earlier it would destroy Kharg Island's terminal if Iran continued to shell Iraqi towns.

Reports, notably in London's *Sunday Times*, that Iran had passed word through Algeria that it would strangle off oil supplies from the entire Gulf if Iraq did not stop its raids against Kharg Island were denied in strong terms by an Iranian Oil Ministry official. "If there had been any truth in them (the reports), there would have been a public announcement by the Iranian authorities," Reza Jaafari, the Public Relations Director of the Oil Ministry, told *Reuters* by telephone from Tehran. Mr Jaafari added that "since the war broke out, Iran's main concern has been to safeguard the security of the Persian Gulf and protect its neighbours with respect for their rights." This policy would continue, he said. But Iran's President Ali Khamenei sounded a more ominous note. He was reported by Tehran Radio as telling air force officers that Iran "can turn the Persian Gulf into a place where the enemy will find it impossible to survive." He added that "whenever we decide, we can blast Iraqi industrial centres. If Iraq continues its attacks, we will do so."

The bombing raids and the threat to some 9 million b/d of crude oil for the West, although denied

by Mr Jaafari, sent oil prices moving upwards in a somewhat nervous spot market last week and oil traders and tanker operators said that Iraq's threats against Kharg Island may already have had the effect of stopping the bulk of Iranian exports of oil by frightening away tankers. The official Iraqi news agency statement said photographs taken of the export terminal on August 23 showed no tankers loading at the island's piers and that smoke was rising from installations damaged by Iraqi bombers five days earlier.

Scandinavian, Greek, American and French shipowners have received warnings from their governments of the dangers of trying to load oil at Kharg Island and *Reuters* quoted shipping and crude oil brokers as saying there were unconfirmed reports that a tanker had been chartered to load there for Rotterdam at Worldscale 70 whereas tankers chartered for loads from nearby Kuwait were operating at Worldscale 20. A rate of Worldscale 70 would add about \$3 per barrel to the cost of Iranian oil delivered to northern Europe and *Reuters* said it could not confirm reports among oil traders that Iran was prepared to grant buyers a discount of \$6 on the official price of \$31.20 per barrel for Iranian Light crude to offset high shipping rates and war risk insurance premiums.

Reuters later quoted industry sources as saying they could name only two tankers available and on offer to sail to Kharg. Iran's official *IRNA* news agency, reporting after the second bombing raid, claimed that loading of oil was continuing on a regular basis "despite hollow threats" from Iraq. *IRNA* said the 178,000-ton Swedish tanker *Sea Song* sailed from Kharg Island on August 26 after taking on a full load. Meanwhile, other sources quoted by *Reuters* said as many as 50 tankers which would normally have been waiting in the customary idling ground in the Gulf off Abu Dhabi were instead waiting outside the Straits of Hormuz to avoid higher insurance charges. An executive of a major oil company commented, however, that "this is not panic stations." He added that "it may make sense to hang around outside the Gulf. But, as things are at the moment, if you have a tanker fixed to load inside, anywhere but at Kharg, you will tell the skipper to go on in."

Mr Jaafari dismissed the reports that Iran would close the Gulf, most probably by blockading the Straits of Hormuz, by saying that such stories came from what he described as imperialist quarters. He said the reports were intended to justify the presence of American forces in the Gulf as well as to damage the Iranian economy. This puts the cart before the horse, but Mr Jaafari did have a point of sorts:

although the US last week announced military exercises that could include landing troops on Oman there is no evidence at present that the US has any intention of using what has so far been constituted of its planned Rapid Deployment Force to enter the Gulf. But there is every reason to expect the Americans to act vigorously if the Straits of Hormuz were closed to international shipping. This, in the view of many observers, was a powerful argument against any move to seal off the Gulf.

But some form of retaliation cannot be excluded. After Iraq had met stalemate and later defeat in its invasion of Iran, it is now Iran's turn to see its efforts to advance on the Iraqi port of Basra thwarted by Iraqi forces. Given the propensity of each side to strike at the other's economic jugular vein, Iran might well feel sufficiently provoked to take actions which hurt neutrals or non-combatants as well as Iraq. One unpropitious sign is word that Ayatollah Khomeini has appointed Hojjatoleslam Mohammed Mousavi Khoeyniha, who acted as religious adviser to the militants who seized and held 52 Americans hostage in the US embassy in Tehran, as director of some 100,000 Iranian pilgrims during the holy *hajj* to Mecca in September. Iranian pilgrims have been a source of great concern for Saudi Arabia's rulers since the Islamic Revolution toppled the Shah and this anxiety will be redoubled by Ayatollah Khomeini's latest choice of a firebrand as their leader.

A bloody *sitzkrieg* in Iraq is, however, only one of Tehran's current concerns. Turkey has let it be known that an Iranian victory in the war which led, as it might well do, to the dismemberment of Iraq, would prompt the Turks to lay claim to the regions around Kirkuk and Mosul, where Iraq's northern oilfields are located. Iraq, of course, was under Turkish rule until the Ottoman Empire collapsed at the end of World War I.

On the face of it, such a claim looks like one that would be welcomed by Iran's ruling *mullahs* because it would deprive its strongest Arab neighbour of its principal source of economic power. But appearances are deceptive. With the oil wealth of Iraq's northern oilfields to back up a redoubtable Turkish army, Iran's Shiite Muslims would find they had brought into being the Middle East's most powerful Sunni Muslim nation. This is not something that Tehran can contemplate with equanimity even though relations with Turkey do not appear to be bad and Turkish Prime Minister Bulent Usulu recently visited the Iranian capital to offer mediation to try to end the fighting.

ARABS' HOSTILE DIPLOMACY SCORED

Kuwait AL-TALI'AH in Arabic No 754, 4 Aug 82 pp 4-5

[Editorial: "Arab Diplomacy Is not Powerless but Is Hostile"]

[Text] The Arab political moves which the Arab League secretary general praised and which have become testimonials of pride and effectiveness on the part of a number of Arab regimes are based on two accepted facts in the climate of the Israeli-American invasion of Lebanon. The first is that the crisis is one of the presence of the Palestinian resistance in Lebanon and the second is that a solution requires searching for a means to withdraw and abrogate this presence.

These two accepted facts are the focus of the moves of the American envoy and of his contacts with Arab capitals. He told them frankly that what he was looking for was a place to which the Palestinian resistance could withdraw. These two accepted facts are the key points of the preconditions laid down by the Israelis, not to end the invasion of Lebanon but merely to lift the siege of Beirut.

This consensus between Arab diplomacy, which is encountering nothing to pressure it but the stance of steadfastness and fighting taken by the resistance and the Lebanese nationalist movement, and American-Israeli diplomacy which is using every weapon of destruction in its arsenal is no longer a consensus which causes any surprise. It is a natural consensus between an aggressor power supporting its prerequisites with the necessary weapons and regimes which are fleeing from their impotence and collusion to the mere language of diplomacy.

The ABC's of diplomacy state that if a political demand does not have force backing it, it will be no better than beggars seeking alms, that alms seeking that will encounter only further Israeli-American aggression.

The principal evidence of this policy of seeking alms is the fact that the Arab regimes are not even talking about using one of their weapons, even the weakest. They are not prepared to set the situation in motion with the oil weapon or the billions of dollars and investments nor are they prepared to aid the steadfastness of the resistance, if only to improve the prerequisites for the political dialogue with Philip Habib.

They stand around waiting day after day for the steadfastness of the resistance to end, either through the siege thrown around Beirut and the complete Arab paralysis or through a widespread Israeli attack that would relieve Arab diplomacy and free it from its dilemma.

During the past week we can count a number of contrasting actions in this regard. While the PLO played the card of agreeing to the UN resolutions on Palestine with the object of focusing attention on the heart of the issue of the Israeli invasion, we find the Arab ministerial committee issuing statements urging the resistance to withdraw from Beirut and abide by the ceasefire. In other words, this committee was adding another wall to the siege of the Palestine issue in what the Americans and Israelis were calling the Beirut crisis!

While some regimes threatened to take decisive measures if the Israeli army assaulted Beirut, we find these threats to be merely empty words given the broad offensive which this army launched against Beirut throughout last Sunday. When the joint forces threw back this offensive, Israel announced that it had not intended to assault Beirut. We do not know what one means by assault if it is not the dropping of a quarter million bombs and shells on the city from the air, sea and land, the landing of forces on the coast and an advance by land from a number of directions! These contrasts in position show the extent of illusion and deception attained by Arab diplomacy. It is no longer even able to move except under an intensive air, naval and ground cover provided for these moves by the Israeli army. It is clear that the only thing applicable to this sort of diplomacy is to describe it as diplomacy hostile to the Palestinian and Lebanese peoples and other Arab peoples who have been placed under firm control.

It is a mistake to accuse this diplomacy of impotence and weakness as it is diplomacy biased toward the hostile ranks.

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CSO: 4404/632

COUNTRY'S FUTURE CONSIDERED

Paris AN-NAHAR ARAB REPORT & MEMO in English No 28, 30 Aug 82 pp 1-2

[Article by Marwan Iskandar]

[Text]

With the departure from Beirut of Palestinian guerrilla fighters and their sympathisers of diverse nationalities, the sense of relief that had been gaining ground slowly after the final ceasefire developed into widespread optimism in Lebanon that there could be a speedy return to normal conditions. One noteworthy pointer is that both Arab and non-Arab airlines have begun to project stops at Beirut International Airport on their flight schedules for the beginning of September.

Optimism did not, however, blossom into euphoria. Differences among the Lebanese immediately surfaced once again in a manner which could threaten the partition of the country. Philip Habib, a man of few words to the media but indisputably one of the most able and forceful of negotiators, had earlier pinpointed the problem. Three weeks ago, President Reagan's Special Envoy told a close friend that the withdrawal of the Palestinians was no longer a problem and the removal of the Syrian and Israeli forces would not present problems provided the Lebanese agreed among themselves.

The election last week of Bashir Gemayel as Lebanon's next President and the very mixed reactions that ensued showed the Lebanese to be unable to agree among themselves at an historic moment in the life of modern Lebanon about the man whose task will be to pull the country back together after he takes office on September 23. Mr Gemayel was endorsed as a candidate by all factions of the Christian Lebanese Front on August 18 and the same evening the conservative Islamic Bloc met under the leadership of former Prime Minister Saeb Salam to declare their opposition to an election the next day.

and to call for a dialogue to try to reach agreement on a moderate Maronite Christian nominee. The parliamentary session scheduled for August 19 was called off, but the efforts of Muslim Assemblymen to frustrate efforts to form a quorum were unsuccessful on August 23 and Mr Gemayel was elected as Lebanon's new Head of State in a poll in which he obtained some Muslim votes as well as those of Christian members of parliament.

But this is scarcely surprising. Less than four months ago, for example, there was a split inside the Islamic Bloc over the issue of establishing local councils in West Beirut. Walid Jumblatt, nominal head of the leftist and Muslim parties making up the National Movement and in favour of elections for the councils, threatened force of arms against Mr Salam, who was vehemently opposed to the proposed new local authorities. Mr Salam won that round, but his followers soon paid for their stand by the slaughter of a leading Muslim clergyman who supported Mr Salam. The Islamic Bloc meeting on August 18 nonetheless brought together all of the members of National Movement with the exception of the Communists, who are led by Mohsen Ibrahim, a Shiite Muslim, and George Hawi, a Christian.

Messrs Ibrahim and Hawi sought to take direct action to put off the session on the 19th by attempting to persuade the PLO to bombard the temporary quarters of the parliament. They were turned away coldly by the Palestinian leadership and Mr Hawi, venting his frustration, announced that the Communists would strive to attack the American forces when they reached Beirut in order to sabotage the entire operation of the Palestinian withdrawal.

Most of this is now history. By contrast, Mr Gemayel has been doing his best to project a moderate and reformist image of himself as President and he has support from some prominent Sunni Muslim representatives as well as a majority of Shiite and Druze members of parliament. And Mr Gemayel could exercise the powers of the President prior to September 23 if outgoing President Elias Sarkis were to appoint him as Prime Minister. There is more than one precedent for a Christian serving as Premier, including that of the late Fouad Chahab, who became President after being appointed Prime Minister in 1958.

Resistance by Sunni Muslims to Mr Gemayel could hamper his efforts to rebuild the country and its institutions. One course of action to overcome this problem might be to allocate the Premiership to the Shiites, move which would mean the isolation of the Sunnis in the cities of Beirut and Tripoli. Sunni leaders have adopted a rising tone of sectarianism that

reflects the spirit of the troubles of 1958 and unless some moderation is exercised, Lebanon could enter a new period of strife. But it would be one in which the Sunnis were at a disadvantage. The coming three weeks will either see the *dénouement* of a tragedy or the beginning of a new thrust towards stability and real independence. The view at present is very cloudy and partition is still a possible outcome. However, a sensible alternative could still be worked out.

Turning away from Lebanon's internal sectarian strife, the Lebanese owe a monumental debt to a few individuals for whatever has been saved in West Beirut and for the elimination of military control by the Palestinians of West Beirut and the southern coastline from the capital down to the border with Israel. In particular, Ambassador Habib has demonstrated great wisdom, patience, stamina and force of personality. US Ambassador Robert Dillon, although relatively new to the country, demonstrated great concern, force and honesty in dealing with all factions concerned in Lebanon. And another member of the American team, Bob Barret, whose tour of duty in Beirut had come to an end, was asked to stay on until the crisis was over. He played an exceedingly courageous, humane and constructive role. If Lebanon and its people are truly appreciative of friends in time of need, these American diplomats should be forever remembered as honourable men who risked their lives for weeks to salvage whatever remained of the country.

Facing the Americans, the Lebanese had a tenacious and courageous team of their own. President Sarkis and Prime Minister Shafik al-Wazzan worked well together and with the Americans. They stuck to their demands regardless of pressures and they put Lebanon's interests ahead of anything else. Fouad Boutros, Lebanon's brilliant Foreign Minister, showed that his distinctive assets were not limited to his mental powers but also incorporated a forceful pride in his country. Supporting this team with energy, resourcefulness and a unique intellectual grasp was Ghassan Tueni, Lebanon's Ambassador to the UN, who chose to resign from this post only after Mr Habib's plan had been drawn up in its entirety and accepted. These men who helped Lebanon to emerge from the darkness must be involved in its future development and a part of the hope that there will be workable answers that will safeguard Lebanon's future is based upon this exceptional team of persons.

Marwan Iskandar

PRESIDENT-ELECT BASHIR GEMAYEL'S POLICIES

A few days before Bashir Gemayel was elected as Lebanon's new Head of State, *An-Nahar Arab Report & MEMO's* Editor-in-Chief Marwan Iskandar conferred with the President-elect to discuss what he intends to do when he takes office on September 23. Expressing himself in precise and intense terms, Mr Gemayel set out the political and personal traits with which he hopes to characterise his Presidency:

Religious questions: He is a practising Christian but is tolerant of other religions;

Economic affairs: He stands for free enterprise, free ownership, free trade and moderate taxation. He favours the participation of labour in management as well as ownership of businesses by their workers, but the latter should be as a result of investment;

Lebanon's security: He believes good relations are possible with all of the country's neighbours. At the same time, he wants armed forces numbering 120,000 men, with the emphasis on the air force, armour and light, fast naval vessels. Compulsory military service for 15 months will be instituted throughout Lebanon;

Foreign relations: He is essentially pro-

Western. With the evacuation of armed Palestinians from Lebanon, Mr Gemayel will concentrate on disentangling Lebanese-Syrian relations and Lebanon's relations with Israel. He is cautious vis-a-vis both countries and their ambitions in Lebanon;

First moves as President: Priority will be given to attending to the basic needs of refugees and restoration of basic services such as water, electricity, public hospitals and schools. At the same time, there will be rapid development of internal security services and the armed forces;

Drastic changes to be expected: There will be a shake-up of government administration, conscription of all Lebanese at 18 years of age for military service lasting 18 months, all illegal ports are to be closed or placed under government control and there is to be a major revision and up-grading of school programmes;

Outlook concerning aides: Contrary to expectations, senior posts will not go to members of the Phalangist Party. In early appointments to sensitive positions he will give particular consideration to Sunni and Shiite Muslims.

CSO: 4400/468

MEA'S FINANCIAL PROBLEMS VIEWED

Paris AN-NAHAR ARAB REPORT & MEMO in English No 27, 23 Aug 82 pp 5-7

[Text]

Lebanon's Middle East Airlines is flying these days on a wing and a prayer. But it is flying even though its home base at Beirut International Airport has for weeks been the front line for Israel's invasion force. And, amazing though it may seem to those who do not know the Lebanese, MEA's Managing Director Salim Salam and other top executives have found time to work on plans for future growth even while they struggle to keep the war-damaged airline airborne in the teeth of a blizzard of financial losses. Broken glass littered MEA's makeshift headquarters in West Beirut where Mr Salam met *An-Nahar Arab Report & MEMO's* Michael Scott. The building had taken two direct hits from Israeli guns. But while he made no attempt to belittle MEA's desperate plight at present or the monumental problems that lie ahead, Mr Salam spoke confidently of MEA's determination to pursue the vigorous expansionist strategy which was worked out before the invasion and which might have appeared to have been doomed by the havoc wreaked by the Israelis.

"We are talking now - even while the airport is closed - of a joint venture with Alia (the Jordanian airline) for the South Atlantic," Mr Salam said, adding that "we will have to explore the possibility of cooperation with Trans-Mediterranean Airways (Lebanon's freight airline)." As to future strategy, "I don't think there should be any change because an airline of our size and with our staff cannot afford but to expand and be aggressive. We will be looking again at the North Atlantic." In Mr Salam's view, an end to the fighting soon will spark off an economic boom in Lebanon and "obviously, this boom will have an effect on the aviation industry."

In the meantime, Mr Salam catalogued the grim facts of life for MEA today. "Our production now is almost zero," he declared. "Our production outside (Lebanon) with charters and such is about 10 per cent

of what our normal capacity would be. Last year we were operating at about 400 million tonne/kilometres. Now we are operating at about 40 million tonne/kilometres."

And while revenues were down to a trickle, operating expenses continued at a rate of between LL1.25 million and LL 1.5 million (between \$250,000 and \$300,000) a day despite voluntary pay cuts by MEA's staff. "They graciously donated a contribution of 30 per cent, which they have now raised to 40 per cent," Mr Salam said. "We have also taken measures to stop all unnecessary expenditure - entertainment, travel and so on - and to freeze everything that is not needed for the survival of the airline."

Mr Salam said the other aspect of the battle to stay airborne was finding work for MEA's fleet of aircraft that was outside Lebanon when Israel attacked. Four of the aircraft caught at Beirut airport were destroyed in the fighting, he said, and an MEA executive on Cyprus later put the casualty toll at five aircraft totally destroyed and six others badly damaged.

According to Mr Salam, one of MEA's jumbo jets has been leased to Saudia, the Saudi Arabian airline, and the line's two other jumbos would soon be at work carrying Nigerian pilgrims to Mecca for the *hajj*. "The other aircraft are being used to run three services: two to Africa from Damascus via Larnaca, and one to Europe from Larnaca via Rome to Nice." MEA aircraft have also been chartered to fly Palestinian guerillas leaving Beirut from Cyprus to Arab states. There was, he stressed, "nothing else we can do. We just have to think of lasting until the trouble is over."

Mr Salam paid tribute to Air France, one of the shareholders in MEA, for its help during the crisis. "They have given us unconditional rights to Nice from Larnaca and they are giving us technical assistance for the maintenance of some of our aircraft in Paris as well as storage space for spares and so on. We are really cooperating like partners - they have been very good to us and we are grateful to them."

Damage to Beirut airport is "repairable and tolerable," Mr Salam stated. But he stressed that "every day that passes with the troubles not yet settled is one more problem that we have to face. Every day something happens at the airport: a window gets broken, a door, a thief breaks into an office and steals something. When these little things pile up, it becomes a problem. So far, the airport is repairable. The only thing is that it will take longer now than two weeks ago and longer two weeks ago than two weeks before that. The longer the troubles go on, the longer it will take to get the airport going."

Mr Salam said runways would require repair work, "but it's not a major repair." Radios would have to be re-installed, fire-fighters and their equipment would have to be brought back and checked out and landing systems would have to be checked. "We can start daytime operations for about a month or so before all the small things are taken care of," he said. But some installations could take up to six months to repair or to replace. He said he understood that the airport's meteorological centre had been badly damaged by shelling and getting it back into working order would take a long time. The airport's radar has also been damaged "so we will have to land in Beirut strictly under visual conditions while these things are being taken care of." Asked about reports of Israeli looting at the airport, Mr Salam said there had been what he called "a lot of foreign intrusion" which meant that paperwork in offices had been messed about. This had happened especially in the past month, "but it's not catastrophic."

Mr Salam revealed that MEA staff "have always had access to the airport, but sometimes under extremely difficult conditions. The road now is still difficult. It's tough. You have to know your way from both sides of Beirut, from the east and from this side." Staff members were "jubilant" when they could reach the airport and some were going there to tidy up and check on installations. "They are all impatient to start working again," he said. "They have had enough. But obviously the airport won't start operating until there is a complete settlement."

Mr Salam praised outgoing Chairman Asad Nasr for the help he had given in managing MEA outside Lebanon from England, where he happened to be when the invasion occurred. Mr Nasr retires from MEA on September 6 and "we and whoever is going to replace him are going to miss him. He is a very knowledgeable man with valuable experience."

In the meantime, Mr Salam said, MEA is using its cash reserves to stay alive. He said these stood at about LL 200 million (\$40 million) in 1981 when the airport at Beirut was closed by fighting for 22 days. "We can last for a little while," he said. "It's not a very healthy situation, but when you have reserves you draw on them." He added that MEA hopes the government will now implement a loan of LL 150 million (\$30 million) which had been arranged before the Israeli attack and that MEA would also receive LL 70 million (\$14 million) from the government as a

rebate on higher fuel charges. The government, however, "is busy with more important catastrophes in the country," Mr Salam commented.

"But I think we'll get them (the promised funds)," Mr Salam added. "We are not worried about it. The message I want to convey is that although we are in serious trouble, we can last longer than any other institution in the country. We hope the troubles will be over soon so that we can start thinking about normalisation."

CSO: 4400/468

TAPLINE REPAIRS AT SIDON NEARLY COMPLETED

Jerusalem THE JERUSALEM POST in English 12 Aug 82 p 1

[Article by Charles Hoffman]

[Text]

The severe fuel shortage at South Lebanon's largest electric power plant will be relieved soon, when repairs are completed at the Sidon terminal of the Trans-Arabian Pipeline (TAPline).

The heavy fuel oil stored at the terminal has been trapped in the dozen giant tanks there since the first week of the war, after terrorist fire destroyed the complex of valves and pipes through which the oil was pumped to the nearby refinery.

The power plant at Jiya, about 15 kilometres north of Sidon, is Lebanon's biggest and newest plant, and supplies the Beirut area and parts of the south. Fuel for the plant was formerly shipped by railroad tankers from the refinery. But damage to the refinery and the railroad tracks in the fighting prevented fuel from reaching the plant.

Within a few days, the fuel in the last tank car shipment will be used up, but by that time a new pipe bypassing the damaged valve complex should be ready, the Energy Ministry reports.

The fuel oil from the TAPline tanks is to be shipped to the power plant by tanker trucks, after certain technical adjustments are made at the refinery outlet from the TAPline. The 40,000 tons in the

tanks should enable the power plant to operate for another two months.

Meanwhile, no oil has moved from Saudi Arabia through the TAPline, owned by ARAMCO, since the outbreak of the war. A segment of the pipeline passing through the Golan Heights was damaged in the fighting near Nabatiye. The Saudis have not yet responded to Israeli offers, made through third parties, to repair the damage.

In recent years the TAPline has shipped 750,000 tons a year to Sidon, enough only for local use, and has stopped using the terminal to ship millions of tons of oil abroad.

While fuel has been rationed at the Jiya plant for the last two months, the three hydroelectric stations in South Lebanon have filled the gap. Electric power was recently restored to most of the area following repairs to damaged power lines organized by the Energy Ministry.

Israel is willing to sell fuel oil to the Jiya plant at market prices. However, the manager of the plant recently told a group of visiting Energy Ministry officials that the Lebanese Electric Company has no money available for this. The oil from the Saudis was supplied on easy credit terms and the company has operated at a deficit for years since its clients stopped paying for their electricity.

POWER GENERATION CAPACITY RISES

Kuwait ARAB OIL in English No 9, Sep 82 pp 49-50

[Text]

OMAN has had to work fast on her electricity program since her first power station, just 1MW, was commissioned at Riyam on the outskirts of Muscat in 1969, says Middle East Electricity, in a report published last month.

The extent to which both the production and distribution of electricity has developed in recent years is indicated by figures released by the Ministry of Electricity and Water. In 1970 the total power generated by government stations amounted to eight million kwh. This had risen to 122 million kwh in 1975 and to 642 million kwh in 1980.

When his Majesty Sultan Qaboos took over in 1970, the government immediately began tackling the task of providing enough power for the two major population centers — the capital area and Salalah — and then started to reach to the more isolated parts of the country under what has become a steadily expanding rural electrification program.

Network

Now, there is a network of small and medium sized independent diesel-fuelled power stations, strategically placed up and down the country. Altogether Oman has 32 power stations — two in the capital area, five in the Salalah area and 25 in rural areas, ranging from the 290MW Ghubrah complex to the smallest 0.36MW power station at Sadah in the north.

Ghubrah is Oman's biggest power complex at present. Part gas turbine and part steam, Ghubrah received two additional frame 6 turbines at the end of June 1982, each 27.5MW, supplied by General Electric at a cost of 14

million dollars. These raised generation capacity from 235.5MW to 290.5MW.

There are no current plans for another such dual-purpose complex in the current five-year plan, 1981-85.

Two 132kv transmission lines run from Ghubrah, one to Seeb sub-station and one to Al Falaj sub-station; 33kv lines are used for rural distribution and 11kv lines for standard distribution. The public supply is 200/240v 50Hz.

Oman hopes to see the beginnings of a national grid in the next 18 months when the first 250MW phase of the planned 500MW Rusail power station is commissioned, ready for its vital role both in industry and as the link between the capital area and the Interior and Batinah Coast.

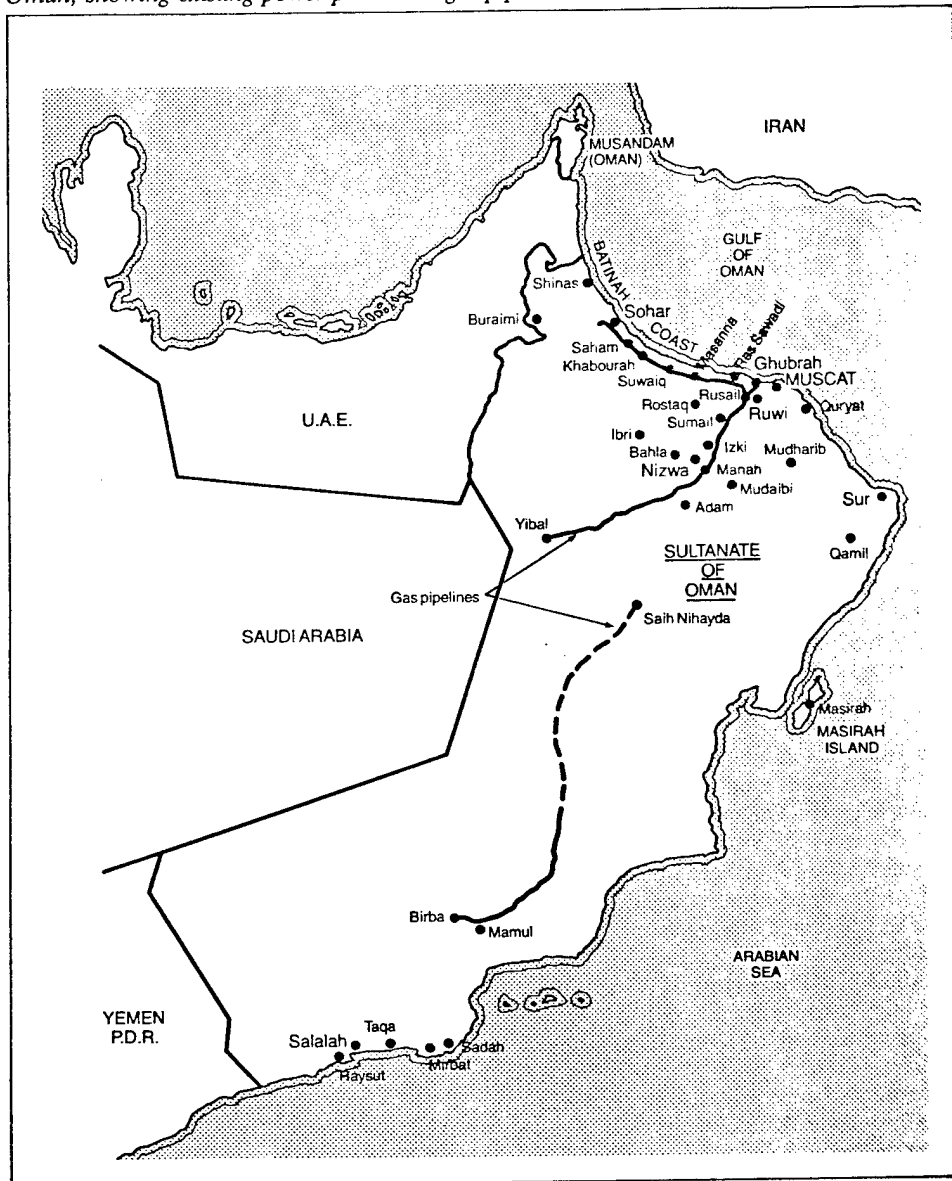
John Brown Engineering limited of Clydebank, Scotland are supplying Rusail's three frame 9E 83MW gas turbines, the first of which is due to be commissioned by September 1983.

Plan

In the current development plan, the ministry is going to double the existing total generating capacity, expand the rural electrification program and continue its policy of considering national gas the principal source of energy in areas close to natural gas pipelines.

Major projects which will have been completed by the end of the five year plan include: 1) Expansion of the distribution network in the capital area. 2) Construction of high voltage lines from Ghubrah to the Rusail Industrial estate. 3) Installation of additional gas turbines at Ghubrah. 4) Construction of additional power stations on the Batinah coast to increase the feed to Suwaiq, Kha-

Oman, showing existing power plants and gas pipelines



bourah, Rostaq, Awabi, Masanna, Ifi and Nakhal. 5) Construction of additional power stations for the Interior to increase the feed to Manah, Nizwa, Sumail, Iski, Birkat Al Mawz and Bahla. 6) Construction of distribution networks in various parts of the country. 7) Expansion of existing power stations at Mirbat, Masirah, Khasab, Bayah, Kumzar, Mudha, Lima and Shiasah.

Gas is certainly the fuel of the future as far as Oman is concerned. With 6.3 trillion cubic feet of proven gas reserves, the government is

increasingly turning to this fuel for its power station. Wherever possible, gas turbine power plants are being planned in areas where gas is readily available; otherwise the Ministry of Electricity and Water is opting for diesel engine power.

Sohar

A 250 kilometer spur line was completed last year to fuel the power complex at the Sohar Copper Project, taking gas from the main Yibal-Ghubrah pipeline. This main line was laid in 1978, linking the Yibal gas fields to

Gas turbines for Ghubrah power station	21.40
Extension and improvement of 32kV and 11kV distribution systems in capital area	19.87
New power station for Raysut	7.47
33kV, 11kV and 415V distribution networks for Salalah	4.05
Diesel generators for interior towns	4.00
Gas turbines for Manah	3.00
Gas turbine station for Ras Sawadi	3.00
New ministry building in Capital area	2.00
Gas turbine stations for Sohar copper project	1.50
Desalination plant and two diesel generators for Masirah	1.50

Major capital expenditure by Ministry of Electricity and Water between 1981 and 1985 in OR

Ghubrah, Oman's main power and desalination complex, in the Capital area. By using gas, Ghubrah has been saving about 1.2 million barrels of oil a year and savings will be even greater this year with the raising of Ghubrah's output.

This November another major gas line is due to be completed, supplying gas from Saih Nihayada in central Oman to the Marmul oil fields in the south for power generation. The 295 kilometer 400 millimeter pipeline will be connected to the booster station at Hibara where it will be joined to the existing gas line from Birba and Marmul.

The Ministry of Electricity and Water is the only public authority for electric supply in Oman. It was formed in 1978 from the former directorate general.

There are also some private systems, these include Petroleum Development Oman, the Ministry of Defense and contractors on big mobile operations. The Musandam Development Committee is also solely responsible for power needs in Musandam, Oman's northern

most province, which has three power stations, one each at Khasab, Bukha and Baya.

One interesting example of development teamwork has been the power complex built at Sohar specifically for the copper project there. The ministry owns one of the three 17.5MW gas turbines there, supplied by General Electric, to provide the power needs of the Batinah Coast villages located nearby.

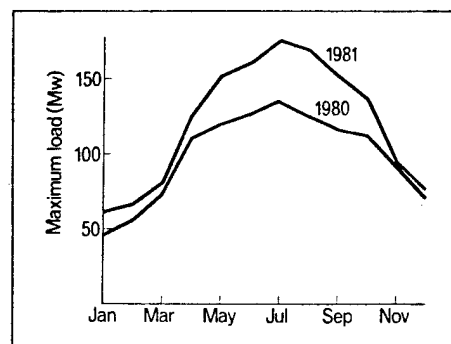
Achievements

The Ministry's past achievements and its immediate development plans are now being matched by a reorganisation in its administration.

A recently-introduced innovation is computerised billing which is being carried out for the Ministry by its agent, the Oman Investment and Finance Company. A government generated electricity is sold to consumers at six cents per KWh plus a monthly rent for the meter of 40 cents.

But by far the most important step in the Ministry's short but eventful history is the coming coordination of its four directorates of administration, water, electricity, and rural electricity and water in a new headquarter complex.

The building is already under construction by the local OTTCO company with Indian consultants, Consulting Engineering Services. It should be ready by June 1983. It is going up at Khuwair in Oman's capital Area where most of the country's ministries will eventually be housed.



Above: monthly maximum demand for 1980 and 81

NEW WATER PROJECTS

Kuwait ARAB OIL in English No 9, Sep 82 p 48

[Text]

Rainfall is erratic. Even in some so-called wet areas there are periods of two to three years when they do not get a drop of rain. Oman's agricultural, industrial and social development can suffer in the absence of water, according to a report in Akhbar Oman.

This is one area where the Government has given top priority. Now let us examine what is being done in a bid to find new water resources. A sizeable amount of 40 million dollars one of the highest in the current second five year plan has been allotted to water development.

Oman is using modern satellite technology developed for arid areas in the United States. Scans are transmitted back to the earth in digital codes to produce simulated photographs showing potential water bearing earth formations. Exploration wells are then drilled in these areas.

According to an official source, with the aid of this new technology water was discovered (in 1979-80) in a deep fractured bed of limestone in Wadi Adai.

Costly

About five million gallons of water a day are being pumped from wells in Wadi Adai to supply the Capital area.

This is in addition to the six million gallons per day of the more costly desalinated water which the capital area has been receiving from the Al-Ghubra desalination plant.

In North Oman, explorers have found that Buraimi has a deep limestone aquifer which can yield an estimated 160,000 million gallons of water.

Dhofar and the Batinah coast have shown signs of holding plenty of reserves of underground water. The satellite surveys have indi-

cated that areas like Nizwa, Dank and Ibri could also be rich in this.

Experts have concluded that these areas have enough potential to support large scale farming for at least two more decades. The Public Authority for Water Resources was created in 1979 to assist the Water Resources Council, headed by His Majesty Sultan Qaboos.

Seeb area

The Council has found that in the Seeb area on the Batinah coast uncontrolled pumping has led to a sharp drop in water level, resulting in invasion of sea water, making water too saline for use. A proper water management has prevented this.

Recharge dams is another scheme propounded. It is a simple scheme and works something like this. In normal years, some parts of the Sultanate manage to get one or two sharp showers. In this brief period, dry wadi beds become raging torrents and water runs wastefully into the sea and desert sands. These dams can manage to hold back the rain water long enough to seep into the ground to replenish supplies for future use.

During the floods of May 1981, it was estimated that in Wadi Adai alone 7.8 million cubic meters of rain-water flowed into the sea within a period of 24 hours.

The first recharge dam is scheduled to be built in Wadi Al-Khouth in the Seeb area. Five other sites in the capital area have also been selected for recharge dams.

The Al-Ghubra desalination plant is being expanded to double its present output of six million gallons per day. Next year a storage dam will be built at Wadi Dayqah to hold 45 cubic meters of water.

Official sources estimate that additional supplies from these two projects together with water from wells in Wadi Adai will meet the demands of the Capital area, including the Rusail industrial estate.

Distribution

Sur Sohar Buraimi and Nizwa wells will be linked for proper distribution of water.

Small desalination plants are being installed on Mahout island near Masirah island. Dhofar also has received a grant of 5.5 million dollars for completing water projects in Salalah, Mirbat, Wadi Hinai, Sugh su Sudh, Tawa, Raysut and Dulkut.

The main source of water for agriculture remains the traditional falaj.

Oman has 4,000 falaj in use. Water in the falaj is drawn from surface gravels and alluvial deposits which is then carried for miles to small villages and farming areas.

The Public Authority of Water Resources is happy with the rate of progress achieved in drilling water wells in remote areas.

By 1985 it hopes, that every village in North Oman will have sufficient water for its needs.

CSO: 4400/479

BRIEFS

GRAIN STORAGE CAPACITY INCREASED--Grain storage capacity at Port Qaboos has been doubled from 30,000 tons to 60,000 tons, said a source in the port. The silos were completed in record time, he added. The project, carried out by Yahya Costain, has added 18 more silos to the existing 18. The silos are 50 meters high with an internal diameter of eight meters and 180 millimeter thick walls. On top of the silos lies the conveyor hall which controls the arrival, storage and distribution of grains. The grain is sucked from the ships through special pumps and delivered direct to the silos. The delivery point is connected with a conveyor channel at the bottom of the silos. The grain is carried through a special channel to the top of the silos from where it is distributed equally to all the silos with the help of a hopper. [Text] [Kuwait ARAB OIL in English No 9, Sep 82 p50]

CSO: 4400/481

QATAR

BRIEFS

FIRST LOCALLY BUILT SHIP--Qatar is planning to enter the field of ship-building by the beginning of next year when construction of the first Qatari-built ship is due for completion, according to Captain Mohammed Mandour of the Qatar National Shipping and Transport Company. The official told the Gulf Times that the ship was being built at the new \$33 million dockyard of Umm Said which opened last March. The shipping company is planning to start a marine training centre to provide young Qataris with instruction in ship building and maintenance. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 28, 30 Aug 82 p 8]

CSO: 4400/473

FINANCE MINISTER SAYS FLOW OF FUNDS TO WEST IS NATURAL

Kuwait ARAB OIL in English No 9, Sep 82 pp 15-16

[Text]

THE flow of capital from Saudi Arabia to western countries is a matter for concern but it was quite anticipated, says the Saudi Minister of Finance, Sheikh Mohammed Abal Khail.

Speaking to the London based financial magazine, Arab Banking and Finance he said that since the western banks are offering high interest rates it is but natural that more Arab money will flow there.

Asked if it was true that Saudi Arabian capital in Western banks had increased to 150 billion dollars, he replied that this was an exaggerated figure. He did not give a specific figure. In reply to another question he said that the Saudi budget surplus for this year alone was 12 billion dollars.

The Minister also said that the fall in Saudi oil production to about seven million bpd, would have no affect in the development plans.

Drop

Q: Would further drop in oil production by the end of 1982 have any affect on Saudi development plans?

A: One cannot predict precisely due to changing circumstances, but I repeat, the government has enough surplus to ensure smooth work on all projects it has undertaken. It is to ensure such smooth flow that nations accumulate reserves.

Q: The figures of minimum oil production required to maintain the development projects in the Kingdom vary. What is the accurate estimate?

A: It is hard to give an exact figure but I agree with the statement by the Minister of

Petroleum and Minerals, Ahmed Zaki Yamani, that a minimum of 6.2 million bpd is required.

Q: Do you think that there will be in the future budget surpluses like the current year's 12 billion dollars?

A: I am sure the budget surpluses will increase in the near future.

Q: Do you anticipate any changes in government spending?

A: Our priorities will be the same. For instance stress on defense, internal security, transport, communication, and the development of human resources will not be changed.

Q: Will you be able to maintain the current growth rate of 12.2 percent?

A: It is more likely to be around ten percent from the end of 1982 onwards.

Rate

Q: Will the monetary growth rate of around 20.4 percent during 1981/82, change during 1982/83?

A: It will range between 20 and 23 percent during that year.

Q: How about inflation?

A: Cost of living dropped by two to three percent during 1981-82 as compared to 1980-81. A further drop is anticipated during the forthcoming years.

Q: Expenditure allocations increased by nearly 48 percent during 1981-82. What caused this high increase?

A: Expenditure allocations increased by nearly 48 percent during 1981-82. What caused this high increase?

A: Expenditure allocated to certain projects increased due to inflation. Furthermore, many project contractors were asked to speed up their rate of work, so the

cost increased.

Q: What is your opinion on oil prices in the near future?

A: I believe that the current oil prices will hold well into 1983. There may be no increase but there will also be no drop. The current drop is due to temporary factors.

Q: The Saudi Kingdom has diversified its investment policy. It is now putting its money in not only different countries but also in a variety of portfolios. It is believed that this move came too late. What is your opinion?

A: In the past, we were not in a position to diversify our investment for certain good reasons. Sudden transfer of huge amounts could create confusion. Besides, the German and Japanese markets were opened to us only in the past 18 to 24 months. We also had to take into consideration which nation and which currency could provide the maximum return. The Deutsch Mark and the Japanese Yen have only recently become strong.

Q: It has been reported that the Saudi Kingdom wishes to purchase up to 4.2 billion dollars worth of German government bonds. Is this true?

A: It is true. Saudi Arabia wishes to have close cooperation with Germany.

Q: During your visit to Vienna recently, you said that your country will extend financial help to construct the new conference hall there. Is this true?

A: This is not true. My visit to Vienna was to discuss the Austrian borrowing program.

Q: We have information that you agreed to purchase one billion dollars worth of Austrian government bonds. Will you please comment on this?

A: We did agree to purchase some government bonds but your figure is exaggerated.

Q: Reports indicate that the increasing debts of developing countries are due to improper handling of loans by international banks and loan agencies. Recently you made a comment on this. Can you explain it further?

A: When I discussed that subject, I was referring to loans by institutions like the World Bank and international monetary funds to developing countries. We the Arab nations were being asked to give more contributions. What I said was loans should be better managed and that we should not be blamed. We have contributed handsomely to these institutions.

Aim

Q: What is the aim behind the establishment of the new Saudi-American Commercial Bank in Saudi Arabia?

A: There are no exceptional aims as such. With this one, number of foreign banks in the Kingdom will go up to 12 which is a reasonable figure.

Q: Taking into consideration the failure of some exchange houses in the Gulf, including one in Saudi Arabia, are any new licences being issued?

A: The whole money exchange market will now be organized. We will also restrict their activities to money changing and transfer of monies only. We will not eliminate them altogether, since they provide goods service to the public for reasonable charges.

Q: Are you satisfied with the number of Saudi nationals employed in the Saudi banking sector?

A: Their number has increased in the past few years. The banking sector seems to be attractive to the Saudi youth. Nevertheless, the figure is not what we want it to be and we hope it will increase further in the future.

SIDF EXTENDS LOANS OF \$361 MILLION

Kuwait ARAB OIL in English No 9, Sep 82 p 13

[Text]

A recent annual report by the Saudi Industrial Development Fund, SIDF, stated that during 1980-81 the Fund approved loans totalling 361.1 million dollars for financing new industrial projects and expansion programs.

According to an article in Saudi Business Magazine, this figure brings SIDF's total commitments for 650 industrial projects, excluding electricity, to 2.25 billion dollars.

SIDF has been active in promoting industries such as cement, chemicals, plastics, building materials, and consumer and engineering products. The Fund also allocated 43.3 million dollars to cold store projects, and 1.7 billion dollars to electrical schemes during the year, bringing the total for the latter to 7.5 billion dollars.

The Fund's loans for building materials projects, however, dropped from 35 per cent in 1976-77 to 27.6 per cent at the end of 1981, as most building materials schemes have now already become operational.

The production of red bricks is one of the important industries promoted by SIDF in the building materials field. The Fund approved a total of ten loan applications for red brick, pipe, ceramic tile and fibreglass manufacturing projects during the year, and sales for the building industry in general are growing at a rate of about 65 per cent per annum.

Under the Fund's financing there are now 10 factories manufacturing red bricks, with a total capacity of 900,000 tons per year. Five more are under construction, and an addi-

tional two are in the planning stage. SIDF has also extended loans to sandlime brick projects. These bricks are popular in the building trade because of their load-bearing capacity, good insulation properties and high durability.

SIDF has also funded a number of pipe-manufacturing projects, and by the end of last year the number of pipe factories in the Kingdom had risen to 17. The pipes are made with a variety of raw materials such as asbestos cement, reinforced concrete, glass-reinforced plastic, cement-lined steel, polyvinyl chloride, steel, cast iron and PVC/lined concrete. The primary use of these pipes are in water distribution, sewerage collection, oil and gas transmission and storm water drainage.

Cement industry

The Fund's total commitment to the cement industry has now reached 555 million dollars, covering seven individual projects. Last year 111.1 million dollars poured into the industry from the Fund, and the Kingdom's annual cement production rose to over four million tons.

During 1981 Qassim Cement and Yanbu Cement companies went into commercial production, and two new plants, Saudi-Bahraini Cement and Southern Province Cement will be fully operational later this year. These plants are expected to have production capacities of 1.9 and 1.5 million tons per annum respectively.

One of the fastest growing industries in Saudi Arabia is that of consumer products, and the Fund has financed a number of projects in this sector. During 1980-81, 28 new factories began operation, making this the sector with the highest growth rate in the

country. SIDF approved loans of 74.4 million dollars to the consumer industry during the year, raising total commitments in this sector to 416.6 million dollars, or 18 per cent of the Fund's loan portfolio.

Consumer products which have seen the most rapid growth over the last seven years are carbonated beverages, fruit juices, tin cans, dairy products and printing and paper items. SIDF financed 12 carbonated beverage firms during 1980-81, while an additional six are expected to be in operation within the next two years. The Fund also financed four tin can producing plants, two of which are in operation and two in the construction stage. Five fruit juice projects have also received loans from the Fund, three of which have already started commercial production.

SIDF has also been largely responsible for the rapid growth in the dairy industry. By the end of 1980-81 the Kingdom boasted a total of ten dairies in production, six more under construction and an additional six in the planning stage. Prior to this, Saudi was entirely dependant on imports of milk, cheese, yoghurt and ice cream.

Last year SIDF also extended loans totalling 88.05 million dollars to 51 food processing projects. These loans concentrated on the production of processed meats, macaroni, frozen pastry, and snack foods, but excluded beverages and dairy products. Other industries promoted by SIDF in the consumer sector include paper conversion, furniture, baby diapers, and sealed sachets, and the Fund last

year financed 19 printing projects such as books, maps and calendars.

SIDF loans to the engineering products sector totalled 61.3 million dollars last year, bringing its total commitment in this sector to 388.8 million dollars.

Chemicals and plastics

The chemicals and plastics sector received a total of 26.6 million dollars from the Fund last year, bringing the total number of plastics and chemical factories to 74 at the end of 1981. Among the numerous SIDF financed projects last year were the manufacture of bleach, oxidized bitumen, thermally insulated flasks and blow-moulded containers for the transport of corrosive chemicals. The Fund also approved financing for the manufacture of plastic injection moulded sterilized medical syringes, which requires sophisticated production technology.

During the year, 15 new chemical and plastics plants started production, manufacturing items such as detergent powder, oil field and water-treatment chemicals, expanded polystyrene cups, melamine kitchenware, woven polypropylene sacks, fibreglass fittings, molded plastics products and plastic bags.

SIDF also supported four paint manufacturing plants, and approved three loans for the production of building paints, baking enamels for steel protection, coating materials and polyvinyl acetate-based paints for special applications.

CSO: 4400/478

BUDGET SURPLUS REPORTED

Kuwait ARAB OIL in English No 9, Sep 82 pp 12-13

[Text]

SAUDI Arabia's budget surplus for 1982 exceeds 11.6 billion dollars, according to the Kingdom's Finance Minister, Sheikh Mohammed Al-Khail.

Speaking in an interview with the London-based Arab financial magazine, *Majallat Al-Mal*, the Minister answered questions on Saudi's financial, economic and investment prospects.

When asked if the drop of one million bpd in Saudi oil production would have any adverse effects on the 1982-83 budget, he replied, "Speculations on the effects of the decrease have been largely exaggerated. The government has adequate financial reserves to cater for monetary emergencies, and I doubt if the drop will have any effect on the continuation of development projects."

The Minister added that the Kingdom needs a minimum daily oil production of about 6.2 million barrels, in order to maintain current development plans at their present rate.

Apparently the new budget will place more emphasis on defence, internal security, transport, communications and the development of human resources. The Minister stated that in 1981-82 economic growth will be around 10 per cent, while the cost of living has dropped by three per cent compared to 1980-81. At the close of the 1980-81 financial year, monetary growth stood at 20.4 per cent, Al-Khail estimated that by the end of the present year it will have risen to about 23 per cent.

Expenditure in the 1981-82 budget increased to 48 per cent. The Minister attributed this increase to the rising cost of projects and the change in project requirements due to inflation.

No aid cut

On the subject of oil prices he said "I believe current oil prices will remain static at least until the end of this year. No drop is expected, and the existing decrease is due to temporary factors. Present prices are a reasonable balance between the producer and consumer."

On foreign assistance and investment the Minister explained that the fall in oil production would not jeopardize current foreign aid programs, which are given the utmost priority. He added that the Kingdom has adopted diversified investment strategies in Deutschmarks, Japanese Yen, transferrable financial papers, shares, bonds and gold over the past 18 months. "Saudi Arabia looks on foreign investment with an eye to its surplus funds relative to internal development program needs. The accumulated funds reflect the size of accepted risks and the extent of expansion in each deal. Deutschmark returns have shown improvement."

Al-Khail stated that the government intended to purchase between two to four billion dollars worth of West German government bonds. "The Saudi government cooperates closely with the Federal Republic of Germany, we believe that German financial needs will be much less this year than in the past two years."

The Minister spoke of his recent visit to Vienna to strengthen ties between the two countries and to discuss the Austrian borrowing program. The Kingdom has agreed to purchase a number of Austrian government bonds.

The Saudi commercial banking sector transfers a substantial amount of funds to

foreign countries. "We don't intend to impose any restriction on this movement although the issue does arouse our concern. The rate of interest abroad is very attractive." He added that closer cooperation should be promoted between Saudi and international banks.

Investment

The Minister said that because of the high rate of interest abroad, many private investors are directing money out of the country. "However, we plan to create more attractive investment conditions within the Kingdom in an attempt to keep funds circulating here."

He expressed disapproval of a suggestion to reopen the financial market in Saudi to recall funds abroad, adding that the only drawback to Saudi money invested abroad was that it deprived the local private sector of benefits.

Apparently officials are discussing a move to re-establish the financial market, but it is more likely that Saudi will adopt a market similar to those in advanced countries.

When asked what were the reasons for setting up a new Saudi-American commercial bank, the Minister replied that at present there are only three foreign branches in the Kingdom. The establishment of the new bank will bring the foreign total to twelve, which is a reasonable number.

Al-Khail stated that the number of Saudi nationals employed in the banking sector had increased, but still more workers were needed in this field. He stressed that banks should be more active in employing Saudis.

The Minister said that the activities of money changers would be reorganized. This business should not be eliminated since such firms are providing a public service. The public generally prefer to deal with these institutions because commissions charged are low. However, we will restrict their activities to money changing, other facilities will be stopped, he added.

CSO: 4400/478

REFINERY STARTS FUNCTIONING AFTER SHUT DOWN

Kuwait ARAB OIL in English No 9, Sep 82 p 16

[Text] Petromin's Riyadh refinery is running at full capacity processing 123,000 bpd, after a six week shutdown due to mechanical problems, a spokesman for Petromin said last month.

He said that the refinery was producing slightly more than its initial capacity of 120,000 bpd. The refinery was expanded during 1981 and the capacity raised to 220,000 bpd but the new units developed several mechanical problems which were worked out only last month.

The spokesman added that the fault lay in the vacuum column which inhibited the proper separation of heavy and light elements in the charge.

The problem was solved with the utilization of the "Demex Unit" a new piece of equipment developed by UOP of the US. "This is the first time this gadget is being used commercially," he said.

"We had no experinece with the unit--its the only one of its kind in the world--and had to bring it on stream through the trial and error method with UOP assistance," he added.

The unit enables the refinery to achieve almost total conversion of fuel into diesel and gasoline, both of which are in heavy demand in the Central Province. One more complication in the refinery arose from the sewage re-treatment plant which was to supply the refinery with 24,000 cubic meters of water per day for cooling and heating purposes.

Untested

The sewage re-treatment plant had all new untested equipment designed and built by Foster Wheeler of the US. Here too problems developed, but things are now running well, he said.

He said that at present local needs of the Central province are being met by importation from Ras Tanura, but soon our refinery will take care of that.

The refinery is run by a workforce of 1,375 of which 53.3 percent are Saudi nationals. The percentage of the Saudis was higher--70 per cent--before the expansion.

The refinery processed 1.2 million barrels of LPG during 1981. The target for '82 is 21 million barrels.

Nearly 8.7 million barrels of gasoline were processed during '81 and the target for '82 has been set at 12.2; diesel reached 10.4 million barrels last year and the target for this year is 16.5 million; nearly 3.7 million barrels of asphalt was produced during '81 and 5.1 million barrels are expected this year.

CSO: 4400/481

TIHAMA AREA INDUSTRIALIZATION BEGINS

Kuwait ARAB OIL in English No 9, Sep 82 pp 22-23

[Text] Two contracts, one for the construction of a transmission line and another for building a generation station, in the Tihama region, were awarded recently.

Costing a total of 153.5 million dollars, the projects begin the industrialisation of the area, said a spokesman for the Consolidated electricity company, which has been awarded the contract for the 564 kilometer transmission line. This project alone is worth 33 million dollars. Its implementation period is 24 months.

He also said that the contract for the construction of electricity generating station, worth 120.5 million dollars, has been awarded to an international specialist company. The 200 MW capacity station will be set up in Qunfuda south to serve all regions under Tihama.

The Tihama project covers the western coast region, stretching from Hamdan in the north to Shaqraq in the south. The project will benefit 40,000 subscribers living in the regions touching Makkah, Jizan, Assir and Baha where electricity services have not reached so far.

Phases

Meanwhile, several contracts for implementation of different phases of Bisha electricity project were signed with national and international companies.

Another contract was also signed with an international specialist company to implement the installation of a 12-Kilometer long and 132 KV tension double circuit line from Shaqiq to Abha for Jizan central electricity project and another for implementation of a 20-kilometer long transmission line with 132 KV tension from the projects generation station to Jizan city.

The value of this contract is estimated to be 16 million dollars and the implementation period, 24 months.

Meanwhile, the work of the Qasim central electricity project is progressing fast. About 80 per cent of the work has been awarded in contract and the total cost of the project will be 86 million dollars.

Seventeen international and national contractors are working on the project. The project is expected to cover 350 cities, villages and desert settlements. This was stated by Ali Al-Barak, Director of Qasim Electricity Company.

He said that the project consists of nine turbine generation units, each with a capacity of 66,000 KW. Their total capacity will be 600,000 KW and their implementation period will be 36 months. The first unit is expected to start operation next month, he said.

CSO: 4400/481

LARGE AQUIFER DISCOVERED SOUTH OF MEDINAH

Jiddah SAUDI BUSINESS in English No 15, 13 Aug 82 pp 25-27

[Article by Ahmad Kamal Khusro]

[Text]

A GEOLOGICAL study of the groundwater potential of the Yatama and Wadi Aqiq area southwest of Madinah by a student of the Faculty of Earth Sciences of King Abdul Aziz University has discovered a large aquifer about 30 kilometers long and one kilometer wide. The study estimated that even if the aquifer is not being replenished, its present capacity is roughly 30 million cubic meters. Water from the area has long been utilized, but the extent of the reserves had not been known.

Reporting the findings in a Masters' thesis entitled "Groundwater Potential in the South of Madinah Al-Munnawara," Elnzeer Gusm Elseed Adam wrote that "the water stored in the Yatama region makes it a good prospect for agricultural investment. Agricultural planning for the area is strongly recommended." He estimates that SR6 to 8 million would be required to tap the region's potable water either to supplement Madinah's water supply or for agricultural purposes.

The student found that only three wells have been drilled at present in the area investigated. The owner of the wells has found the water so sweet that he is planning to bottle the water and sell it commercially.

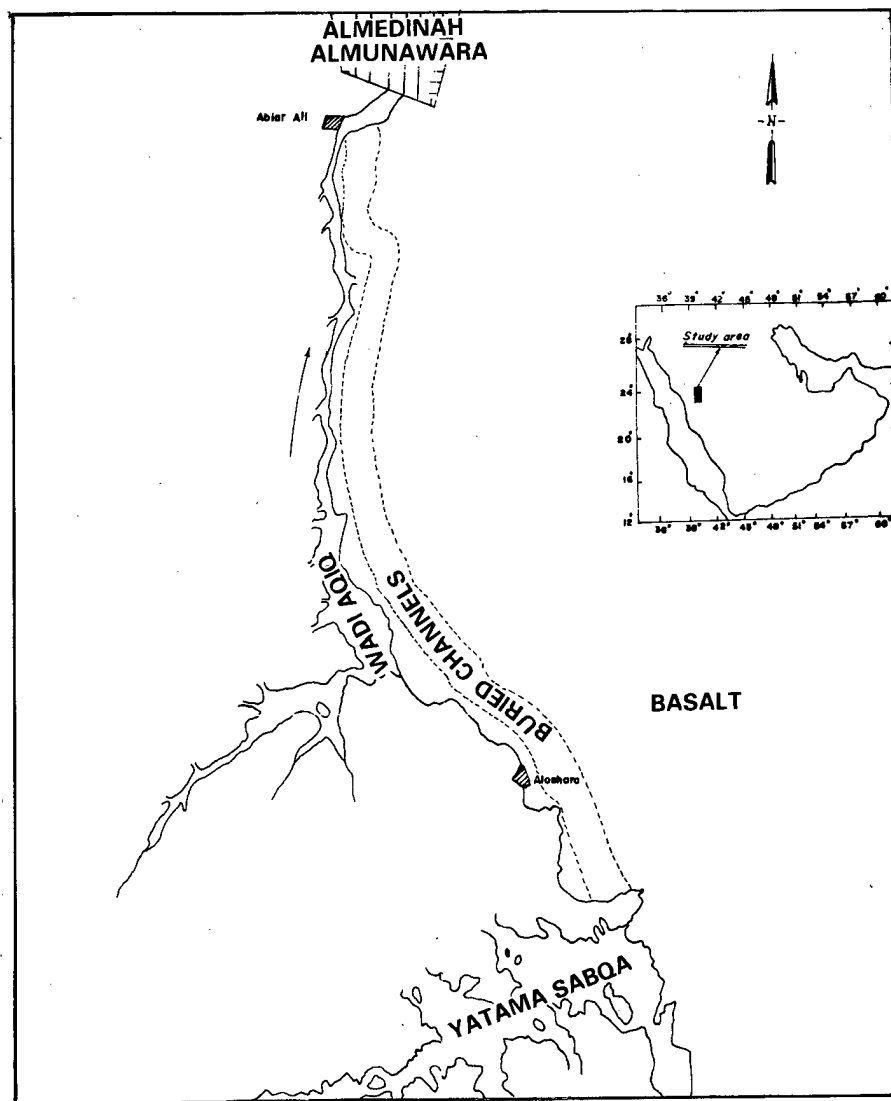
The study investigated the groundwater potential in the Yatama Playa and western Wadi Aqiq, which are located

on the western periphery of the basalt lobe around Madinah. Groundwater in both regions lies beneath a basalt cover formed by volcanic debris. Madinah is located on the northern end of the basalt lobe. Yatama is about 80 kilometers south of the city, and the Wadi Aqiq originates just north of Yatama, flowing northward along the basalt.

The study was prompted by the rapid urbanization of the region. Groundwater levels were reported to be dropping continuously while the demand for water became more and more acute. Drilling more wells within the boundaries of Madinah proved to be a temporary solution. Consequently, the search for nearby aquifers became urgent. The alternative is expensive — pumping desalinated water from the Red Sea 250 kilometers away.

The vegetation of the area is composed of annual grasses, a mixture of herbs and a scatter of small scrubs. Excluding in Madinah itself, the total population of the region is about 6,000 people most of whom live in a semi-nomadic society. The agricultural products are mainly dates, vegetables, alfalfa and citrus fruits, which are sold to local markets.

Development of water resources in the region has so far been confined to a few wells dug manually along the old pilgrimage route in Wadi Aqiq. A few



deeper wells have been drilled in the Yatama region, from which water is pumped at high rates by efficient pumps.

Elsead Adam's investigations included measurements of the electrical properties of the land — a tiring and time-consuming work. It is a known geological assumption that low electrical resistance corresponds to water-bearing strata, and high resistance means rocky land. Adam made field studies of the area for about two months and checked water samples from wells in the region.

A series of low resistance readings showed the presence of a buried channel flowing from Yatama to Wadi Aqiq, probably following the drainage path it had taken before the volcanic eruption of basalt covered it. It has been suggested that the buried valley could be one of a series covered by basalt flow.

Groundwater quality is an important factor in deciding whether a particular well is suitable for agricultural or domestic use. The water quality is the result of the many processes the groundwater undergoes between the time of precipita-

tion and its ultimate discharge. Atmospheric precipitation is the major source of groundwater which also contains small amounts of dissolved and undissolved solids from various sources. Laboratory analyses were made to determine the relative proportion of dissolved sodium, calcium, magnesium, potassium, chloride, sulphate, carbonate and bicarbonate.

The World Health Organization has prescribed limits for the various constituents of water that is to be used for drinking or farming. Salinity is important when deciding whether the water is suitable for drinking. And an electrical conductivity of 2,500 ohm is the upper recommended limit for potable water. All the wells in the Aqiq region and more than 90 percent of the wells in Yatama are below this limit making the groundwater in both regions suitable for domestic use as well as farming.

CSO: 4400/465

PETROMIN APPROVES TWO NEW REFINERIES

Jiddah SAUDI BUSINESS in English No 15, 13 Aug 82 pp 4-5

[Article by Philip Shehadi]

[Text]

PETROMIN has approved the construction of two new domestic refineries with capacities of roughly 150,000 barrels per day each, a Petromin source told *Saudi Business*. One will be located in the Central Province and the other in the Southern Province. The refineries, due for completion in 1985, will make Saudi Arabia entirely self-sufficient in refined products.

The Kingdom has some of the world's richest petroleum resources and yet lacks the refining capacity to meet its needs. Under recent agreements signed with foreign refiners, the Jeddah Oil Refinery is receiving 130,000 bpd of products from Italy and Greece for the Western Province market.

Petromin has already initiated six refineries in the Kingdom (see chart). All but one of them, however, are export-oriented. The sole exception, the 170,000 bpd Yanbu Domestic refinery, is not large enough to absorb the shortfall between domestic demand and domestic refining capacity.

Domestic demand for gasoline, diesel, jet fuel and other refined products has exceeded government projections. In the Western Province, for example, demand has grown over the past five years at an average annual rate of 20 percent. The region consumed

280,000 bpd last year, but produced only 96,000 bpd, with the rest coming from Ras Tanura and Europe (see *Saudi Business*, May 28). Even if the Yanbu Domestic refinery came on stream at full capacity today, the Western Province would be short of some 70,000 bpd (assuming this year's demand grows as fast as last year's). Demand growth in the Western Province may slow somewhat in the years ahead, but the region will remain increasingly dependent on foreign sources without a new domestic refinery.

In the Central Province, only one refinery serves the burgeoning region of the capital, the 120,000 bpd Riyadh refinery. Like its Jeddah counterpart, it meets only a part of regional demand. The deficit is absorbed by Aramco's Ras Tanura refinery, but even Ras Tanura's whopping 450,000 bpd capacity is insufficient to take up the slack indefinitely. In a recent interview with *Saudi Business*, Riyadh refinery General Manager for Production Saud Al Johar said that new capacity in the Central Province is inevitable, and could easily take place at the site of the existing plant (see *Saudi Business*, July 16).

Faced with the prospect of growing dependence on imports, government planners first proposed that Aramco build a 250,000 bpd domestic refinery

REFINERY PROJECTS IN THE KINGDOM

Refinery	Owners	Capacity	Status	On stream
Yanbu Domestic	Petromin (100 %)	170,000 b/d	complete	January 1983
Yanbu Lube Oil	Petromin (50 %) Ashland (50 %)	5,000 b/d	final agreements pending	1985
Yanbu Export	Petromin (50 %) Mobil (50 %)	250,000 b/d	6 % complete (as of 5/82)	November 1984
Rabigh Export	Petromin (50 %) Petrobra (50 %)	325,000 b/d	construction began 1981	?
Jubail Lube Oil	Petromin (50 %) Chevron (25 %) Texaco (25 %)	12,000 b/d	final agreements pending	1986
Jubail Export	Petromin (50 %) Shell (50 %)	250,000 b/d	construction began June 1	early 1985
Central Province Domestic	Petromin (100 %)	roughly 150,000 b/d	approved	1985
Southern Province Domestic	Petromin (100 %)	roughly 150,000 b/d	approved	1985

at Ju'aymah on the Arabian Gulf. Aramco sources say the project was canceled, however, to avoid an over-concentration of refining capacity in the Eastern Province. It was felt that decentralizing refinery operations would make more sense for both economic and security reasons. There are now three refineries operating in the Eastern Province — at Ras Tanura, Mina Saud and Ras al-Khafji (the two latter are privately operated) — and two additional ones are planned or under construction at Jubail.

Informed sources say the newly approved refinery in the South is likely

to be situated at Gizan, the main port of the fast-growing southern region. The site would cut down the expense of shipping products to the region from Ras Tanura, Jeddah or Yanbu. That could in turn cut the cost of gasoline and other products in the South.

The Central Province refinery — whether it is an expansion of the Riyadh facility or a totally new one — could likewise serve to cut the price of products as well as securing supplies. Transportation and production snags at distant refineries make regions like the Central and Southern provinces vulnerable to supply disruptions.

CSO: 4400/465

BRIEFS

GRAIN SILOS CAPACITY INCREASED--Wheat grain silos capacity is being doubled in Riyadh to store the 230,000 tons of wheat expected to be produced in Saudi Arabia this year, said an official of the Grain Silos and Flour Mills Organisation. He said that thanks to government subsidies and other incentives, growth of wheat in the Kingdom is rising considerably. In 1978, it totalled 3,297 tons, in 1979, 17,505 tons, in 1980, 32,882 tons and in 1981, 85,435. He added that farmers simply sell their wheat to the organisation, which then distributes it to various agents. Bumper harvests have, however, raised problems. They are storage and flour milling. During a meeting held in Buraidah last month, the board of directors of the organisation decided to raise the silos capacity in Riyadh from 80,000 tons to 160,000 tons. It is expected that the storage capacity will increase to 310,000 tons by 1985. The silos capacity at Qassim will be raised from 60,000 tons to 135,000 tons by 1983 and to 285,000 tons by 1985. New silos will be built at Jouf and Hail. Their capacities will range from 10,000 tons to 40,000 tons. The official pointed out that the other problem is the low moisture content of the locally grown wheat. It is about seven percent as compared to 11 percent in imported wheat. The organisation has, therefore, installed pretempering machinery to raise the moisture content in the wheat. The daily production capacity of flour will also be raised from 21,000 bags at present to 31,000 bags, the official added. [Text] [Kuwait ARAB OIL in English No 9, Sep 82 p 5]

KHAFJI DEVELOPMENT PROJECTS--The Khafji Municipality is currently implementing projects worth 1.2 million dollars in the development and public services sectors, said an official in the Municipality in Khafji early last month. He said tht the projects include the raising of low-level areas, at an estimated cost of 445,000 dollars, asphaltting of roads and city entrances and their maintenance for six months, 420,000 dollars; asphaltting of a 500-meter road and construction of a 300-meter long sea wall, 125,000 dollars. He also said that the Municipality will handover the maintenance of the city lights for one year to one of the national firms at a cost of 225,000 dollars. Meanwhile, the Jeddah Municipality has earmarked one million dollars in this year's budget for flooring, paving and lighting of residential areas and interior spaces from King Abdul Aziz Street to the Alawi market. A further 17 million dollars have been allocated for paving, lighting and beautification of the southern portion of the Down Town historical area. [Text] [Kuwait ARAB OIL in English No 9, Sep 82 p 25]

CONTRACT GOES TO BELGIAN CONSORTIUM--The Antwerp Ports Engineering Corporation (APEC), a Belgian consortium, was recently awarded a contract worth 17 million dollars by the Saudi Port Authority (SPA), under which the former will provide the latter technical assistance in the field of marine operations and development for a period of three years. A spokesman for SPA said that the contract, which can be extended after three years, also calls for evaluation of bids and tenders. He added that APEC comprises of three Belgian companies: Tractational Engineering, Velge and Company and Cadic Gombert. He said that a party of 29 experts from the consortium arrived in the Kingdom in the middle of last month to take over the duties called for under the contract. A spokesman for APEC said that though the consortium has not had any experience in the Middle East, it has gained considerable of it through its port operations in Antwerp, supposed to be one of the busiest ports in the world. He also said that training of Saudi personnel, not part of the contract, may also be carried out. [Text] [Kuwait ARAB OIL in English No 9, Sep 82 p 25]

SAND-BARRIERS PROJECTS--A new embankment planted with over 30,000 Tamarisk saplings is Saudi Arabia's answer to the threat of sand encroachment on the city of Al-Uyun. The barricade, built by the Desert Control Project, cost around 1.4 million dollars. The Desert Control Project has been active in constructing similar sand-barriers throughout the Kingdom. The scheme started with maintenance and recultivation of dykes, irrigation, clipping and maintenance of irrigation ponds, canals and mud roads. Embankments are transplanted with Tamarisk bushes which act as windbreaks, the saplings are grown by dry cultivation, in which trees grow on moisture trapped inside the dunes. During Saudi's recent Tree Week, part of the Desert Control Project, over 30,000 saplings of different kinds were distributed to government departments, companies and citizens, who also received 200,000 bags of fertilizers packed at a cost of 48,000 dollars. Tree Week also included the construction of cement basins for cultivation of seedlings. Other successfully completed schemes include the maintenance of Al-Shaibani Park, at a cost of 31,600 dollars; planting of 150,000 Tamarisks on both sides of the Dhahran-Abqaid road, at a cost of 93,000 dollars and 200,000 saplings planted on the dunes along the Hofuf-Salwa road, costing 416,000 dollars. [Text] [Kuwait ARAB OIL in English No 9, Sep 82 p 23]

CABLE FIRMS SHARE MARKET--The Gulf area's sole producer of aluminium rods, Midal Cables of Bahrain, recently agreed to a 29 per cent share sale to the Jeddah-based Saudi Cable Company. Saudi Cables had previously purchased aluminium rods from Midal, and used them to make conductors for the Saudi Arabian market. In effect, this meant that the two companies were in competition. Saudi Cables' interest in Midal will now mean that orders received in Western Saudi Arabia will be dealt with by Saudi cables, and orders in the Eastern province will be handled by Midal, thereby dividing the market. Officials see the agreement as a profitable move for both parties, which will also provide a competitive base with worldwide suppliers. [Text] [Kuwait ARAB OIL in English No 9, Sep 82 p 22]

NEW AGRICULTURAL MARKETING CORPORATION--Qasim area is likely to have an agriculture produce marketing corporation soon to facilitate marketing of surplus

production, according to a source in the Saudi Government. The source said that Abdul Rehman Al-Zamil, Undersecretary at the Ministry of Commerce, toured the Qasim area last month and discussed the setting up of the corporation with businessmen. The corporation will be a joint-stock company and will get all possible encouragement from the Ministry, the Undersecretary was quoted as saying. Al-Zamil also visited the area's poultry and dairy projects during his stay at Qasim, the source added. [Text] [Kuwait ARAB OIL in English No 9, Sep 82 p 19]

CONTROLS ON CONTRACTORS--Saudi Arabia's Ministry of Commerce has issued new, more stringent conditions for foreign engineering consulting firms seeking contracts in the Kingdom. Companies will now be required to provide the Ministry with documents proving at least ten years of experience in their home country, as well as detailed records of their work experience. A financial statement from a bank, approved by the Saudi Monetary Agency will also be required, as will copies of the foreign company's budget and profit and loss accounts for the two preceeding years. Sheikh Abdul Rahman Al-Zamil, Under Secretary at the Ministry of Commerce, said that the policy was designed to ensure that contracts go to "real professionals and not to adverturers." [Text] [Kuwait ARAB OIL in English No 9, Sep 82 p 19]

BORDER HOUSING PROJECTS--Three contracts, at a total cost of 236.6 million dollars, have been awarded to two national and one Korean company, for Frontier Corps housing projects in remote border areas of Saudi Arabia. According to Interior Minister Prince Naif, who awarded the contracts, the projects are considered as separate from the Ministry's general housing scheme. The first contract includes the construction of 252 fully-furnished villas, 27 apartments, a mosque, swimming pools, a shopping center, a sports complex, schools, playgrounds and a guest house. The second contract calls for the construction of 195 housing units and 27 apartments. The third includes 200 furnished villas, all with necessary utilities. A power plant, water purification plant and desalination plant will also be built. [Text] [Kuwait ARAB OIL in English No 9, Sep 82 p 19]

\$12M AGRICULTURAL PROJECTS--Saudi Minister of Agriculture and Water, Abdul Rahman Al-Sheikh, recently approved licences for five agricultural and animal husbandry schemes. At a cost of 12.1 million dollars, the projects are to be established in the Qasim and Quwaiya areas. Two of the farms are scheduled to have a production capacity of 960 tons of wheat, 850 tons of fodder and 240 tons of prickly pears each per year. Another farm will concentrate on sheep-rearing, with an estimated capacity of 18,000 heads per year. The remaining two farms are set aside for poultry-breeding. Each farm will cover an area of 400 hectares and will cost around 4.05 million dollars. [Text] [Kuwait ARAB OIL in English No 9, Sep 82 p 19]

WARNING AGAINST SECRET DEALS--An official spokesman for the Transport Ministry recently warned all businessmen in the Kindom against making secret deals with contractors to carry out part of their projects. The spokesman said that the Ministry has come to know several such deals are made for various works, such as hiring of equipment, which the original company may not have, construction of small projects which are part of the overall project awarded

to the company, etc.. These companies, when trouble arises, find that they have no hold on the subcontractors. The spokesman said that the Ministry requests all citizens to obtain necessary guarantees and ensure their rights fully, otherwise the Ministry will not be responsible for any loss that might occur. [Text] [Kuwait ARAB OIL in English No 9, Sep 82 p 18]

LOAN FOR PETROCHEMICAL PLANT--Saudi Arabia's Eastern Company for Petrochemicals has been granted a 788 million dollar loan to help finance a plant to produce low-density polyethylene and ethylene glycol. The plant will be built at Jubail Industrial City with Japanese assistance. The loan was provided through the Saudi Public Investment Fund, and signed by Mohammed Al-Alkhail, Minister of Finance and National Economy, and Chairman of the Fund. The loan is the tenth to be granted by the Fund for petrochemical projects, and brings its investment in this sector to 6.16 billion dollars. The petrochemicals company is a subsidiary of the Saudi Company for Basic Industries, Sabc, which is charged with building a broad industrial base for the Kingdom. [Text] [Kuwait ARAB OIL in English No 9, Sep 82 p 17]

PHILIPPINES TO EXPAND TRADE--The government of the Philippines recently announced a number of plans to expand its trade and contracting activities in Saudi Arabia. The announcement came after a five-day visit of construction and trade officials to the Kingdom. The Filipinos hope to supply more foodstuffs, manufactured products and construction services, to balance out the trade between the two countries, of which Saudi Arabia's is at present the larger share. Trade between Saudi and the Philippines has been growing at a rate of about 25 per cent per annum. Present areas of large scale Philippine involvement include 65 construction projects, being carried out by 21 companies, at a total cost of 800 million dollars. These projects cover such activities as the Mecca storm and water drainage scheme, and the new 34.5MW electricity switching station being built at Jubail industrial city. Philippine companies are also involved in general building work including schools, housing complexes, roads, bridges, petrochemical and power plants. The trade mission, led by deputy Minister of Trade and Industry Jose Leviste, planned to set up a permanent exhibition of Philippine products in Jeddah. Leviste said that he hoped Saudi Arabia would agree to import more lumber, electrical fittings, cement, plastics and furniture. Leviste added that there is a possibility of opening more direct shipping routes between the two countries, and setting up a Saudi-Philippine business council. [Text] [Kuwait ARAB OIL in English No 9, Sep 82 pp 16-17]

BANK RAISES CAPITAL--The authorised capital of the Gulf Riyadh Bank has been increased from eight million dollars to 25 million dollars out of which 20 million have been paid up, according to a press release issued by the bank last month. The release said that the increase was in view of profits made by the bank during its fourth year of operation. The bank is owned by the Riyadh Bank (60 per cent) and Credit Lychnais (40 per cent). The increase in capital was made by utilization of six million dollars which were in reserve and the sale of six million shares to the two shareholders. The shareholder's loan to the bank of 25 million dollars has been extended for another five years. This brings the total capital funds available to the bank to 50 million dollars, the release added. The release said that profits of the bank rose

from four million dollars in 1980 to 5.2 million in 1981. Five percent of the profits--400,000 dollars--were paid as dividends and the remaining have been put into the general reserve. Nearly 421.2 million dollars were loaned out during 1981 compared to 250.6 million during 1980. This shows an increase of 68 percent. About the policy adopted by the Bank, the release said that the bank has continued with its policy of maintaining a diversified and profitable portfolio avoiding any over-concentration of country or client risk. [Text] [Kuwait ARAB OIL in English No 9, Sep 82 p 16]

LOAN TO WEST GERMANY--West Germany expects to borrow 100 percent of a credit line organised for this year with Saudi Arabia, Finance Minister Manfred Lahnstein said in Taif last week. West Germany has a long-term credit arrangement with Riyadh, under which Bon is said to have borrowed DM 5.5 billion (\$2.24 billion) in 1980 and a large portion of DM 13 billion (\$5.3 billion) worth of loans last year. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 28, 30 Aug 82 p 6]

CSO: 4400/464

BRIEFS

FRENCH TANKERS--A reliable source at the Petroleum Administration here declared that an agreement was signed with a French firm to import four tankers to improve the oil supply situation throughout the region. Another agreement was signed with Transnational Company to help in the transportation of petroleum from Port Sudan. [Text] Khartoum SUNA in English No 4218, 15 Aug 82 p 8]

INTEGRATION CHARTER--Khartoum, Aug 16 (SUNA)--President Numayri and Egyptian President Muhammad Ausni Mubarak will sign, next September, the new charter for integration between the two nations, SUNA learnt. The High Council for Integration will meet here early September to work out the strategy, policies, plans and programmes of integration, according to People's Assembly Controller Muhammad Mukhtar El Assam. El Assam, who was back here from Egypt Friday after holding talks with Egyptian People's Assembly officials on the integration process, said that an agreement was reached for setting up the Nile Valley Parliament which will comprise 60 members, 30 from each country. He said that a joint fund will be established to provide finance for integration projects and added that youth representatives in the Sudanese and Egyptian people's assemblies will meet in Sharm Al-Shaykm on October 23 to examine means of consolidating integration. [Text] [Khartoum SUNA in English No 4220, 17 Aug 82 p 1]

INTERNATIONAL ASSOCIATION FOR GEOGRAPHICAL NAMES--Khartoum, Aug 16 (SUNA)--The Sudan will participate in the 4th meeting of the International Association for Geographical Names which takes place in Vienna August 24 and lasts two weeks, SUNA learnt. The meeting, which is convened every five years, will discuss the national standards for geographical names and the role of national committees in solving the problems of geographical names, methods of writing and the international standards of foreign names. The Sudan will present a paper before the meeting on the Sudanese system for writing geographical names which reconcile between the Iraqi and the Moroccan systems. The Sudan has furthermore introduced five new Arabic letters to enable Arab and African states to use them in the geographical Atlases, SUNA learnt. The Secretary-General of the National Committee for Geographical Names 'Abbas Muhammad Khayr and the Committee member Yusuf Al-Khalifah Abu-Bakr will request the Sudan to the said meetings. [Text] [Khartoum SUNA in English 422, 18 Aug 82 pp 4, 5]

SSU COMMITTEE TOUR--Delegation of the SSU Organization and Mobilization Committee will next week begin tours of the Provinces of the Southern Region to implement the Committee's recommendation concerning the rebuilding of the political organization in the Southern Region. [Text] [Khartoum SUNA in English 4219, 16 Aug 82 p 10]

BADR-AL-DIN MEETS SSU--Khartoum, Aug 16 (SUNA)--In his meeting with the regional SSU Deputy Secretaries here yesterday evening, the first secretary of the SSU preparatory Central Committee, Badr-al-Din Sulayman declared that the selections on which the political organization was based proved to be successful and that the choice of the one organization was the safety valve in a country like the Sudan. He said that the political organization was open to all the Sudanese citizens and described it as the builder of the Sudanese Nationalism and leader of changes and renewal in the society. He explained to the meeting the reasons for minimizing the SSU budget and the main features of the new one. He also participated in a dialogue on the results of decentralized government and the ideal relation between the organization and the different organs at the national and regional levels. [Text] [Khartoum SUNA in English No 4219, 16 Aug 82 p 9]

NILE WATERS COMMISSION--Khartoum, Aug 16 (SUNA)--The Sudanese and the Egyptian delegations to the Nile Waters Technical Commission have ended their tour of the Nile basin countries in which they visited Tanzania, Uganda, Kenya, Ruanda and Burundi. An agreement has been reached with those countries to extend the hydrometallurgical studies project that started in 1967, up to December next and to assign the technical committee of the project to lay down the technical administrative and financial work plans for the coming stage expected to start next Jan to realize the long-term objectives concerning the Nile water in the basin of the Equatorial lakes, SUNA learnt. The Commission will also hold a meeting in Cairo August 23 to be attended by Sudan, Egypt, Uganda, Kenya, Tanzanian, Ruanda, Burundi, Zaire and Ethiopia as an observer. The necessity and importance of realizing joint cooperation among the Nile-basin countries and continuation of technical and ministerial consultation for realizing this cooperation have been agreed upon in the meetings. On the other hand the Sudanese and Egyptian irrigation ministers will in a later time visit the remaining Nile countries for establishing cooperation bases among all the Nile basin countries. Sudan delegation to the work visit led by Agriculture and Irrigation Minister Sughayyirun al-Zayn, arrived here last Friday. [Text] [Khartoum SUNA in English No 4219, 16 Aug 82 pp 5, 6]

SUDAN-AMF LOAN AGREEMENT--Khartoum, Aug 16 (SUNA)--President Numayri yesterday ratified a loan agreement between the Sudan and the Arab Monetary Fund for 1982. The 3,600,000 Arab Accounting Dinar loan will be utilized in offsetting the deficit in the balance of payments. The loan which was concluded in Abu Dhabi last May, is redeemable over three years with a maturity period of 18 months and in four installments to be paid every six months. [Text] [Khartoum SUNA in English No 4219, 16 Aug 82 p 4]

APPOINTMENTS--Khartoum, Aug 16 (SUNA)--President Ja'far Muhammad Numayri yesterday decreed the appointment of Muhammad Tahir Jaylani as minister for the Affairs of the Regional People's Assembly in the Eastern Region. The President also decreed the appointment of 'Umar 'Ali Mohqar as commissioner of the Kassa-la Province, at the Status of Deputy Minister, to succeed Muhammad Tahir Jaylani. On the other hand, the president further decreed the appointment of Dr Ibrahim 'Abd-al-Mun'im Subahi as director-general of the Higher Education Grants Committee. Dr Subahi succeeds Dr Mukhtar 'Abd-al-'Al Hammur who was appointed Minister of Finance for the Northern Region. [Text] [Khartoum SUNA in English No 4219, 16 Aug 82 p 2]

SUDAN-PRC LOAN RATIFIED--Khartoum, Aug 16 (SUNA)--President Numayri yesterday issued a Presidential Decree on the ratification of a loan agreement between the Sudan and People's China, signed in Peking on the 10th of December 1981. According to the provisions of the agreement, the Government of People's China extends to the Government of the Democratic Republic of the Sudan a loan of 85 million Chinese Yuan (LS 38,983,890) for the implementation of a project aimed at the heightening of the Madani-al-Qadarif road, the construction of al-Suki bridge and the establishment of a ready-made clothes factory and a vocational training centre. The validity of the loan extends from the 1st of January 1982 and up to the end of 1986. The agreement also stipulated that in case the loan proved to be inadequate for meeting the expenses of the aforementioned projects, the Government of People's China would extend an additional loan. However, in case the loan has produced a surplus, an agreement would be reached, later on, between the two parties on how to utilize the surplus in establishing other projects. The Sudan Government will redeem the loan over 10 years commencing from the 1st of January 1992 in the form of Sudanese exports which will be agreed upon by the two governments, the agreement said. [Text] [Khartoum SUNA in English No 4219, 16 Aug 82 p 1]

SUDANESE-EGYPTIAN COOPERATION--Khartoum, Aug 19 (SUNA)--Egyptian and Sudanese petroleum experts start meetings here today to discuss cooperation in the field of oil exploration. Egyptian Deputy Prime Minister Ahmad 'Izz-al-din Hilal who is leading his country's delegation to the meeting said the exchange of views is very important because most of the petroleum companies working in the Sudan do the same job in Egypt. Hilal who doubles as Oil Minister said cooperation between the two countries in this connection included exploration agreements to enable Sudan attains the best revenue. He said Egypt's oil exports to Sudan during this year had reached 150,000 tons. [Text] [Khartoum SUNA in English No 4222, 19 Aug 82 p 7]

TOMATO PUREE--Khartoum, Aug 19 (SUNA)--Some 50,000 cartons of tomato puree were delivered at Port Sudan harbour last week, according to an official source in the Cooperation, Commerce and Supply Ministry. He said that another 43,000 cartons will arrive Port Sudan within ten days. Khartoum-based Sa'id Factory's daily production of 500 tomato puree cartons will be allocated for Khartoum Province and due measures have been taken to guarantee that these quantities be distributed through the official channels and according to the official price of 240 mms per can weighing 70 grams, he said. [Text] [Khartoum SUNA in English No 4222, 19 Aug 82 p 4]

ECONOMIC INTEGRATION--Khartoum, Aug 20 (SUNA)--A joint meeting took place yesterday morning between the visiting Egyptian petroleum experts and their Sudanese counterparts at the Petroleum Public Corporation here. The meeting discussed the petroleum developments in the country as well as the economic, technical and legal aspects related to the petroleum activity in the two countries. The two sides further agreed to coordinate, promote and exchange information regarding the petroleum activity between the two countries. [Text] [Khartoum SUNA in English No 4223, 20 Aug 82 p 4]

KOSTI ROAD PROJECT--Kosti area council yesterday signed a contract with the Public Corporation for Roads and Bridges to asphalt 23 km of roads in the city, SUNA learnt. Work on the LS 1,500,000 project will start next week. [Text] [Khartoum SUNA in English No 4223, 20 Aug 82 p 7]

JUBA-LUDWARA ROAD--An English company has won the tender of constructing Juba-Ludwara road, an official source of the Roads and Bridges Public Corporation stated to SUNA. The English company will begin work on the 582 kilometer long road this month. [Text] [Khartoum SUNA in English No 4224, 21 Aug 82 p 4]

POULTRY, DAIRY PROJECTS LOANS--The total loans offered by the Sudanese Agricultural Bank to the poultry and dairy projects in Khartoum and Wad Madani have, so far, amounted to L.S. 393,000, SUNA learned. The Bank in collaboration with Animal Resources officials, the Ministry of Agriculture and the private sector, had conducted studies on poultry and dairy farms along with their problems, economics and financing programmes, said an official source at the bank. [Text] [Khartoum SUNA in English No 4224, 21 Aug 82 p 3]

GOVERNMENT AID TO HIGHER EDUCATION--The government's total financial aid to current high education budget for the fiscal 1982/83 has reached LS 66 million, SUNA learned. The development budget for the same fiscal year amounted to 4.3 million pounds from which 2.4 million pounds will be provided as local component and L.S. 1,900,000 as foreign component financed by the European Economic Community (EEC) to Juba University and the commodity aid of the Federal Republic of Germany to Khartoum University, an official source at the Ministry of Education said. The universities and higher institutes will benefit from the development budget to complete their own projects, he added. [Text] [Khartoum SUNA in English No 4224, 21 Aug 82 p 3]

HORTICULTURE IN CENTRAL REGION--Some LS 308,000 has been allotted to develop horticulture in the Central Region, announced the Director General of the Agricultural Ministry Dr 'Abd-al-Mun'im 'Abd-al-Razzar. Meanwhile preparations are underway for convening a seminar on the development of horticulture here next April. [Text] [Khartoum SUNA in English No 4217, 14 Aug 82 p 6]

DRINKING WATER PROJECT--Port Sudan, Aug 14 (SUNA)--The Sea Ports Corporation is implementing a project for supplying Port Sudan and Sawakin with drinking water, said Commissioner of the Red Sea Province 'Uthman Ibrahim Shvf. The project is expected to avail Port Sudan with some 20,000 cubic metres of water per day. This is expected to solve the problem of drinking water in the city. [Text] [Khartoum SUNA in English No 4217, 14 Aug 82 p 2]

CSO: 4500/282-5

MINISTER OF INFORMATION INTERVIEWED

Damascus SYRIA TIMES in English 11 Aug 82 pp 1-5

[Text]

DAMASCUS, (SANA) — The Information Minister, Mr. Ahmad Iskandar Ahmad, was interviewed last Saturday by a group of Kuwaiti pressmen. At the beginning of the interview, the Information Minister made the following statement:

Syria's citizens, military command and political leadership are nowadays preoccupied with Israel's brutal invasion of Lebanon, a racist invasion characterized by killing and destruction. Syria believes that this invasion is not purely Israeli, but a joint Israeli-American attack. The U.S. administration provided Israel with the most sophisticated weapons to kill our children and women of the Lebanese and Palestinian people and to do all it can to inflict a military blow on Syria through its military units in West Beirut, the Bekaa and Mount Lebanon. The U.S. administration has given Israel's invasion a political cover-up in the Security Council and in the international contacts currently being conducted with U.S. administration and American envoy Philip Habib in many capitals in all parts of the world. The United States of America

vetoed UN resolutions condemning Israel's invasion. I say resolutions because they are more than two. Three resolutions were adopted and the fourth was withdrawn. This means that the US administration sponsored Israel's invasion and provided it with weapons of killing and destruction as well as with the needed political cover-up.

In connection with this invasion, Syria's political leadership approved a number of decisions and measures to confront Israel's invasion and to cooperate with those inside and outside our homeland, who can make any contribution to face the invading forces or make them withdraw. In conformity with these decisions, the Syrian Armed Forces, from the beginning, confronted the Israeli invading troops in West Beirut, and because Israel attacked using its warplanes, the Syrian air defences have been put on the alert, awaiting any future development. Our forces in Jezzine confronted the Israeli forces heading north, and this confrontation of the Israeli forces developed until it became a confrontation with all weapons on land and in the air.

This fight lasted until June 11. Human and material losses were inflicted on us. We lost planes, missiles batteries, tanks and artillery, but we fought as men do, men who have a cause and believe in it. Such men are certainly ready to sacrifice themselves for the cause in which they believe. We are proud of our armed forces' fight which they are putting up in the Bekaa and Mount Lebanon, and I believe that all Arab nationalists, know very well the meaning of this fight.

Due to this brave fight, Israel suffered heavy human and material losses. It dare not admit these losses in the course of the fighting but has started to admit the losses piecemeal and day after day. A few days ago, Israel said that the value of its material losses totalled \$2 billion, and its human losses exceeded 3,000 persons. The Israeli media accuse the military command of lying, misleading and blurring the facts. What is mentioned by Israel is not the truth, it is perhaps half the fact of its human losses. These human losses caused political and social shocks inside the Zionist entity. For the first time, since the usurpation of Palestine, Israeli women dressed in black, organized a protest demonstration demanding the return of their husbands, sons and sisters, and also for the first time, huge demonstrations inside Israel condemned the invasion and demanded the dismissal of the government, describing the Israeli war minister as a blood-thirsty killer.

Tank battles in Mount Lebanon between the Syrian forces and the enemy forces have been described by military analysts and the world press as the biggest battles fought in a narrow mountainous sector.

Our tanks and land forces, as well as our fighters, proved that they are the best, most courageous and the most ready to sacrifice themselves for their beliefs.

In the air, dogfights between Syrian and enemy planes were unprecedented since the Second World War. Despite the superiority of Israeli warplanes, our pilots provided examples of bravery and

readiness to sacrifice. They will remain great examples in all parts of the Arab world shouldering the responsibility of defending home and brothers. What happened in these fierce battles, since the beginning of the invasion and up till now in West Beirut, is a fight of heroes defending their home. Their aim is to defend home and if they die in this adverse period of Arab history, they would have presented a legendary example to those who feel that the battle against the enemy is a national one and that commitment to ensure the needs of this battle must also be national. I am not a military man to give more details about the battles fought against Israel. There are analyses by the Israeli leaders themselves, by the Joint Staff military analysts in Washington and by the Strategic Studies Institute. All these analyses have been published.

What is happening in West Beirut now? Allow me to postpone the answer to this question and to answer a second question namely: How did the cease-fire come about in the wake of the extensive land and air fight between Syrian Arabs and Israelis? I have stated that heavy losses were inflicted on the Israeli invading troops and that, for the first time in the history of Israel's invasion of Arab land, they were compelled to call for a cease-fire. In the first week of the invasion, the Security Council issued two resolutions Nos. 508 and 509 and our Palestinian brothers accepted these two resolutions which call for a cease-fire.

Consequently, Damascus received the American envoy Philip Habib on June 10. We told him that we have no desire to impede the cease-fire if it is based on a complete withdrawal of Israeli forces from Lebanon. On Friday, June 11, the Israeli Command announced a one-sided cease-fire. We and our Palestinian brothers accepted it. Israel ceased firing at 10.30 A.M. local time, and we declared a cease-fire two hours after Israel's declaration.

The PLO was advised to accept the cease-fire by the UN Secretary-General. His office

announced this on Friday afternoon, June 11. Permit me to remind some Arabs who have a poor memory that the Syrian Arab forces in Lebanon are an Arab Deterrent Force entrusted with the task of keeping peace and stopping the Lebanese civil war, a task which they fulfilled. This force was formed at the request of the Lebanese government at the Cairo Summit of 1976 which was preceded by a meeting of some Arab presidents in Riyadh. What happened in the Cairo meeting? Lebanese President Sarkis asked for military forces to help maintain security and stop bloodshed among brothers. He requested the heads of state to call upon all Arab governments to take part in this force. All governments did not meet President Sarkis' request, and after insistence and pressure, some Arab states: the Sudan, Saudi Arabia and the United Arab Emirates sent "symbolic units" to participate in the Deterrent Force. Meanwhile, President Hafez Assad called upon all Arabs to meet President Sarkis' demand and said:

"We do not want a single Syrian soldier to remain in Lebanon. We have made all the sacrifices and shouldered all the national and human responsibilities incumbent upon us towards our brothers in Lebanon. We want you all to contribute to the needed forces which President Sarkis has asked for". At that time, the Arab presidents and rulers asked President Assad again to keep the Syrian force in Lebanon. I left the meeting when President Assad agreed to the Arab presidents' appeal and I made an official statement, which was published in all the Arab press. I mention all this to refresh the memory of all those who call on the Syrian forces to leave Lebanon and you know the rest of the story.

These forces entered Lebanon by Syria's free will and at the request of the legitimate authority in Lebanon, endorsed by a summit Arab decision in order to carry out their human and national duty at a time when Lebanon was in the midst of a flaming civil war. The Syrian forces will leave Lebanon in

the same way they entered it. Guided by our stand based on principle and our national policy which we always understood to mean preventing regional feelings and barring regional considerations from interfering in the national interests of the Arab. Syria's Ba'ath Party, Syria's Hafez Assad and Syria's brave people never deal in regional matters except in the best interests of the objectives of the Arab nation. Therefore, when we received the Israeli-American warning to withdraw our forces from West Beirut, we rejected it and told our fighters you have to fight alongside your brothers of the Lebanese National Movement and the Palestinian resistance to the end. We also said to them that your fight should be in coordination with the Joint Forces. To those who want to know, we say that we have over 6,000 fighters of special units fully armed with guns, tanks and other weapons. This means that we have double the number of other Arab fighters in West Beirut. From the beginning of Israel's invasion of Lebanon, the Syrian forces have been fighting alongside the Palestinian and Lebanese fighters in defence of themselves, the Palestinian and Lebanese people and the causes of all Arabs.

What does Syria want? Some newspapers have asked: "What does President Hafez Assad want?" Syria and President Assad want the Arabs to act as a united nation. They want the Arabs to attach more importance to what is essential and vital for the life of the nation, rather than what is inessential, casual or accidental. President Assad wants to establish solidarity among the Arab countries in order to strengthen them when confronting the Israeli invading forces, to enable them to have greater defensive capabilities to deter aggression, regain usurped rights and liberate the occupied Arab territories.

President Assad and Syria want a joint Arab move, which mobilizes the capabilities of Arab states, each according to its own capabilities and position so that they can all stand in the face of Israel.

We have always warned against danger, and we still emphasise that geographical distance does not constitute a shelter for those who want to act according to their free will if Israel decides to strike them.

We have always said that the Zionist danger threatens us equally, although we are nearer to it and have to sacrifice more in confronting it. We have always been the solid wall which prevents Israel from invading other Arab territories.

During the invasion, the Israeli Foreign Minister Shamir went to Paris to meet with President Mitterrand. After the meeting, Shamir was asked by the press why Israel is the only state in the world which has not drawn for itself international borderlines. Later in a press interview in Paris, Shamir emphasised that the borders of Israel are stated in the Old Testament. If those are the borderlines they imagine that they have; what is then the status of Arab land in Iraq and the Arabian Peninsula? The Israeli Foreign Minister always repeats that Israel's borders lie where Israeli tanks and soldiers can go. This is our enemy. It is a racist, expansionist and barbarous enemy. Israel wants to annex Arab territories, one after the other. It wants the land without its people and for that they kill and destroy. In order to confront such an enemy, we have to fight, armed with steadfastness and a strong faith in our country, nation and cause. Syria has always done that. She will always hold high the flag of Palestine and the flag of the Arab nation. Syria will fly these two flags regardless of sacrifices and efforts.

In the recent fight between us and the Israelis, the United States, through the Israeli invading forces, used most of its modern equipment. It made experimental use of its nerve gas, fragmentation and phosphorous bombs, T.V. guided winged missiles, Hawk's Eye which is another developed version of the AWACS used for operations and artillery control, electronic jamming, photographing and

reconnaissance and interference devices. They tried all their equipment against the Syrian army. Commenting on the battle, the Israeli Chief of Staff described it as a test of equipment.

In those circumstances, the Syrian forces in Lebanon fought, although they were not originally sent to Lebanon to fight Israel but to establish security there. The conditions of the battle were unfavourable and there was no balance between the forces. The Israelis had full air supremacy. Yet we fought and continued to fight since the early hours of the invasion. We lost around 80 planes, less than 20 anti-aircraft missile batteries, a few hundreds of tanks and hundreds of wounded soldiers and martyrs. Our efforts did not go in vain, for the blood of our martyrs will show successive generations the way to the future. It will also testify that Syria is the only country in the world which actually abides by her principles. She means what she says and acts accordingly. Syria said that the Palestinian cause is her cause, it is a national Syrian cause more than one of a national commitment. This stand has been baptized with blood. Our relationship with the Palestinian revolution is a strategic one and cannot be disconnected. No one can create a gap between us and our Palestinian brothers, despite all conspiracies schemed against us here and there. The conspirators are the enemies of the Palestinian cause, the Palestinians, Syria and the Arab cause.

The Arab stand has always been politically determined by the stands towards Syria. Those who favoured confronting Israel and its allies always found themselves in the same trench with the Syrians. Those who wanted to find an excuse to free themselves from their national commitment and any support required for the battle against Israel, ran away claiming that they were on bad terms with Syria. Syria has never been against those who were concerned about Palestine or those who truly worked for the Arab cause, and those who wanted a free and bright future for the Arab nation. Syria

never started any quarrel with any other Arab state. There are more important things for Syria to do. Syria has always said that the main contradiction in the Arab homeland lies between the Arab nation and Israel. All differences among Arab countries are marginal and should be neglected.

In collaboration with other Arab states, Syria has done her best to defend herself against any harm without punishing those who exported the harm. When there was no other way, Syria spelled out the reality of current Arab disputes.

Syria does not ask for expressions of gratitude. Her confrontation of the Israeli aggression springs from her national duty, firm commitment, and concern about Arab national existence which is threatened by Israeli occupation. The Arab people are facing a threat of extinction by Israel and its supporters. Syria believes that those who seek a prosperous future for the Arab nation must fight and struggle to achieve it. Syria has always hoped that the Arabs could overcome their disputes in favour of the Arab battle against Israel. Syria hopes that she should not be alone in the national battle, for the support of our brothers will strengthen our defensive capabilities. Such support is a duty of all Arabs made in self-defence.

Talking again about West Beirut, many Israeli attempts have been made to occupy this part of the city after the destruction inflicted upon it. Syrian forces, together with units of the Palestine Liberation Army previously stationed in Syria, the PLO units and national Lebanese citizens are bravely confronting the Israeli thrusts. We are, and will always be proud of what these militants are doing in the face of Israel's invasion. There is strong cooperation and coordination among these forces.

They are blood brothers and have sworn to achieve either victory or martyrdom. The situation is difficult and complicated and there are still many possibilities.

The Palestinian revolution should not give up the fight in West Beirut. We have ordered our forces in West Beirut to fight to the last man. Since the beginning of the Israeli attack, we have been confronting the Israeli invasion.

Syria will remain faithful to her principles. Syria will offer all sacrifices to liberate the occupied Arab territories and regain the national rights of the Palestinians, including their right to self-determination and the setting up of their independent state on their native soil under the leadership of the PLO. This is what Syria has been doing all the time without blaming those who ignored the Syrian blood shed in defence of

the honour and dignity of the Arab nation and to protect Lebanese and Palestinian people.

Arab mass media have blacked out news about Syrian fighting. This has not been carried out in good faith. I regret to say that during an Israeli T.V. interview with Haim Herzog on the failure and lies broadcast on Israeli television, the interviewer thanked two Arab radio stations for launching anti-Syrian campaigns, totally ignoring the role Syria has been playing all the time. The Israeli interviewer added that those Arab stations have politically paved the way for the Israeli invasion of Lebanon.

I suppose you have all heard about it. However, a number of press agencies have reported that interview. In reply to a question on the role of Syria in the proposed settlement plans, the Minister of Information said:

"I have not talked about the conditions of the settlement. In reply to this question, I say that two events are now going on. First, is the fighting between our forces and the Israeli invaders in West Beirut, Bekaa Valley and some Lebanese mountainous areas. Second, is the intensive political activities going on in Beirut, world capitals and the UN Security Council. The objective of our fighting and political activities is to deter aggression, force the Israeli invading forces to withdraw, gain

world denunciation of the aggression and force the Israelis out of the Lebanese lands. We greatly appreciate world public opinion which stood as never before backing the Palestinians and Lebanese and against the aggression describing it as Nazi. Concerning a comprehensive peace settlement in the region which originally is an Arab demand, I do not think circumstances allow any progress towards this settlement. The power balance is in favour of Israel. Settlement cannot be achieved under such imbalance.

Question: In this context, the Palestinian fighting forces in Lebanon are estimated at 6,000; while the Israelis exceed 180,000. Do you think that the military solution has any chance in this equation between the Syrian and joint forces and the Israeli forces, who insist on the continuation of occupation?

Answer: By entering Lebanon, occupying the third of the Lebanese territories, and continuing its advance to occupy West Beirut, Israel has aimed to empty Southern Lebanon of its inhabitants in order to carry out its expansionist policy in Southern Lebanon. Eventually Israel wanted to kill as many Palestinians and Lebanese as possible. There is no official estimate of the civilian casualties killed in Southern Lebanon and West Beirut. They could be estimated to reach more than 10,000 Lebanese and Palestinian civilians. They were killed by the invading Israeli forces. Many villages and towns of Southern Lebanon have been destroyed. Under the pretext of fighting the Palestinians, Israel has been destroying Beirut and killing the citizens.

The Israeli leadership is a racist one which ignores UN resolutions and pays heed to nothing except its military strength supported by the US. Israel pays attention only to those who are able to counter its racist and Nazi force.

Any political solution proposed by the Israeli government about the situation in Beirut is aimed to deceive the world and divert

attention from the occupation of Lebanon into a question of West Beirut. The invaders do not want a political solution. They only want to kill, destroy and expand. This bloodshed must be stopped, first by our own force and secondly through international pressure. The sooner Arab rulers act jointly to achieve solidarity, the sooner we would be able to achieve our goals in challenging the invasion of Lebanon.

Question: What is Syria's stand concerning the call made by Col. Qaddafi to form an Arab force? Could this force achieve balance with the Israelis?

Answer: Col. Qaddafi's proposal stems from an understanding of the imbalance between Syria, being the sole fighting Arab force at present, and the Israeli enemy. Therefore, we call for the Syrian forces to be supported by forces so that the Arabs can deter the Israeli aggressors and liberate all occupied Arab territories. Victory can be political or military and both could have the same aim which is to achieve a political stand and regain a national right. Victory is sometimes made by preventing the enemy from achieving its aims, or by retaining our free will.

The situation will not end in West Beirut. The battle of Beirut is not our first battle, and it will not be the last. In our march of militant struggle, we are sure of victory, because we have confidence in ourselves and in our future. We are quite confident that the current circumstances will not continue because they are contradictory to the very nature of history.

We are also sure that the imbalance of power between us and Israel will not continue, because we are trying to end it, and because we have faith entrusted in our own power. This faith strengthens our confidence in our future and in victory.

About the future of the Arab Deterrent Forces after the termination of their finance, the Minister said: The finance of this force was the interest of the Lebanese government. The money sent to Lebanon only covered a small part of the actual costs of these forces. What I am saying now is not a secret, because we have

previously announced it. When calls were made to end financial aid to these forces and for their withdrawal, we did not answer because we said that these forces entered Lebanon through a free Syrian will, a request made by the legitimate Lebanese authority and an Arab Summit resolution in order to achieve human and national aims in Lebanon. These forces will return only as they entered. As you certainly know, the call to withdraw the Syrian forces from Lebanon is basically an Israeli and American one.

We know very well that the current American conspiracy is directed against Syria, because Syria is the obstacle preventing Israeli and American schemes from being executed, and because Syria will not allow Israel at any time to extend its control in the Arab East. Syria will never deceive herself or bargain at the expense of her principles. No power can change these principles or take us where we do not want to go, because, we

in Syria can distinguish between friend and foe. We know that the enemies are those who stand in one trench with Israel, kill our people, and we also know that our friends are those who support us and increase our defensive capability and our political influence in international circles. Those who can not distinguish between friend and foe can never be of any use to the nation.

The conspiracy is against Syria. By weakening Syria, all Arab values and principles are weakened and the Palestinian cause liquidated. The Palestinian armed revolution was born in Damascus in 1965 and is still being protected by our Party and people.

So long as Syria remains the home of the Ba'ath Arab Socialist Party and of President Hafez Assad, the Palestinian cause will remain alive and the struggle for this cause will continue. The Palestinian flag will always be kept high till victory is achieved. What we can not achieve today, we or our children will achieve tomorrow. Defeatists are those who want to exert pressure against Syria into saying: "If you are not able to achieve victory today, surrender as Sadat did". We say to these who

have surrendered: No one has the right to sell out his cause or principles. We have a long history with invaders, and we never surrendered to any of them. We will continue our struggle and fight till victory is obtained. Nobody has the right to take away the right of generations to determine their own future. I wish that the Kuwait press, being a progressive one, would assume, its full political role against those who are trying to spread despair amongst our Arab citizens and against those who are trying to divert Arab efforts to the wrong place.

All efforts and weapons should be directed against the Israeli occupation. This is what we must do in order to preserve our national existence, future, independence and our free will.

Question: Agencies reported that a Palestinian proposal was submitted to Philip Habib to leave Lebanon. What is Syria's stand concerning this proposal if it is true?

Answer: The Palestinian Organization did not submit to us any proposal. We have issued an official statement in which we said that we have heard through agencies about this matter and that Syria, in ordinary circumstances, is the home of all the Arabs, especially the Palestinians. But in the current circumstances we find that the natural place of our brothers, the Palestinians, is where they are now waiting for the restoration of their full national rights. Our position remains as before. We do not ask anyone to do what we ourselves do not do first. We said we all have to fight the Israeli invasion and we are fighting the invasion.

Some may ask why not launch an all-out war against Israel? I say, an all-out war has its requirements, and when these are available, we shall not need a word of advice to start a full-scale war. Our existence is dependent on achieving victory. We ask those who merely utter words, stand beside the Palestinian revolution before asking Syria to launch an all-out war against Israel within the

circumstances of strategic imbalance.

In spite of the conditions of the invasion and of our forces presented in Lebanon, as I have already indicated, we hastened, from the moment the invaders headed north, to consolidate the positions of our forces as fighting forces. We did that and we confronted the enemy at a time when some broadcasts and papers were imposing a black-out on the fighting by manoeuvres, and gloating over the Syrian losses. Many Arab dailies, for two months, published only the news which were published by Israel. Our comment is: "To be mistreated by the next of kin is more painful than the strike of sword". We do not mention any particular Arab country, which reported Israel's version of the news. We said two things through official statements by the Minister of Information and leaders of the Party and State, firstly that Syria welcomes any volunteer and will exert every effort to bring to the fighters all kinds of help; we also said, that co-operation is quite urgent now and Syria welcomes any kind of help to the fighters in Lebanon. Secondly we said that we support any Arab conference at any level. We blessed the efforts of all those who called for an emergency Arab summit and said, "We are with you". However and up till now, after two months have elapsed, neither the General Secretariat of the Arab League nor the Arab leaders have been able to meet.

In Syria we declared, we support any Arab summit to be held anywhere at any time, and we said the sooner, the better. Our stand here in Syria is quite clear. We mean what we say; our principles are quite clear, definite and known to everyone and to all those who deal with us. We have the historic leadership and clear vision; and we do not hesitate as to what we should do. This leadership has always possessed the courage regarding what should be done. Anyway, anyone who wants to comment, from the Syrian viewpoint in connection with the

official Arab stand during the last two months, will feel pain at the heart.

! Let us now look ahead and not back except when it is necessary for maintaining our march. What is important now, is to do something and not to reproach one another. The present time is a test for men, and an honourable man would contribute to the fight against Israel and those who protect it. The enemy is Israel and we should all confront the enemy. When we can do something, let us work together; let us achieve anything in connection with joint Arab work, for the unity of the Arab stand; otherwise the Arab capitals will fall in the hands of Israel one after another! Let us recall the incident, when the land of Islam was invaded by the Mongols and the Tartars, the governor of Baghdad used to say, whenever any city fell in the hands of the invaders "Baghdad is enough for me". He kept on saying this until he was slaughtered together with all the members of his family. The river of Baghdad turned into red and black colour, red because of the blood of those who were killed by the invaders, and black, because of the ink of books which stained its waters. I do not think, and I hate to think, that we have in the Arab land anyone who might say "Baghdad is enough for me." If any of the sort happens to exist, then it is a case of veritable godlessness.

Question: President Hafez Assad, a few days ago, declared that in case Israel invades West Beirut, we will take the risk, who was intended by this statement?

Answer: I am the Minister of Information, and a member of the Regional Leadership; I never read such a statement by the President in this connection; prove it to me and I will answer your question. The President addressed two messages, one on the anniversary of the Syrian Army Day on the first of August, and the other on the day when we lost 64 martyrs in Lebanon in one day in West Beirut last Sunday. The President addressed the second message to the Syrian fighters in West Beirut

and the first to the Army in general. The President said: Our resolution is to fight, because our land should be protected by the men who defend it. This is our stand". The two messages of the President are here and you can have copies of them.

Question: The Arab countries' attitudes concerning Arab oil were different. Yesterday I read what King Fahd and President Reagan said about Israel's attitude in Lebanon; and there was a proposal, submitted to the Kuwaiti Parliament by its Deputy speaker, Mr Sa'doun, to sever Arab relations with America, to withdraw Arab deposits and to stop oil exports to America. Has Syria got a clear view that there is an Arab attitude towards America, which supports Israel?

Answer: I stress that any Arab citizen who has little knowledge, would inevitably conclude that the government of the United States of America participates with Israel in the occupation of Arab lands and in the continuous usurpation of the Palestinian rights, as well as in the recent Israeli invasion of Lebanon. The Arab governments could do a lot; they must retaliate and give a blow for a blow. It was the U.S. which struck the first blow in this case. Retaliation then would mean courage, honesty, and defence of homeland and the Arab nation's dignity. If each Arab country tried to do its best against the American participation in the Israeli invasion of Lebanon and in the massacre of Palestinian and Lebanese, the Arabs would do marvels. The Arab potentials are very great. There are potentials that can be used immediately and others that can be utilized in the future in order to serve the same Arab goals. Any Arab initiative at present will shatter this wall of darkness. Such initiative will be a greeting to the martyrs' blood, to the Syrians, Palestinians and the Lebanese, whose glorious stand glows over the land of Lebanon. It is inglorious of us to stay at home, safe with our children and folks in the whole Arab homeland which

the blood of the fighters, be they Lebanese, Syrians, or Palestinians, flows. This blood defends the Arab honour and dignity in all the Arab countries. It is a shame to remain silent and heedless of what is happening. It is a shame that we have reached to such a state that the Zionist "defense" Minister, Ariel Sharon, when calculating the three points of strength which enabled Israel to invade Lebanon, should add a fourth point which has come as a pleasant surprise to the Israelis, namely, the Arabs' silence.

It is a shame in the Arab homeland that the demonstrations should sweep through the capitals of the world and we do not hear any voice or opinion in the Arab streets. This is not at all the fault of the Arab masses which are themselves a bright revolution and a free will. It is rather the fault of the "others".

Question: We know that the international petroleum market suffers from a great surplus of oil, which cannot be absorbed by the reservoirs of the West European countries and America. The international petroleum companies and even foreign governments have asserted this. Do you believe that any halt of the Arab oil exports will be useful or fruitful?

Answer: I said that the Arab countries have great potentials and deposits which they should use in the service of our just national causes.

Question: Since the beginning of the Lebanese war, there has been doubts concerning the Soviet attitude to the questions of arms and armament or political stance; and after the two proposals submitted by the Soviet Union, calling for the Israeli withdrawal from Lebanon and the halt of all military supplies to Israel, a message was delivered to President Hafez Assad from the Soviet Leadership. Is there anything new in the Soviet Union's attitude to the current war in Lebanon?

Answer: The Soviet Union has an attitude of a principle to the Israeli occupation of the Arab territories and the usurpation of the Palestinian rights and of this

new Zionist invasion of the Lebanese land, which has resulted in the occupation of nearly one third of Lebanon.

The Soviet Union condemned the invasion and demanded the punishment of the aggressors, and the immediate Israeli withdrawal from the Lebanese territories. In the international circles, the Soviet Union was an important and a great supporter of the just Arab cause. As for Syria, we believe that the Soviet Union is a strategic friend whose sincerity has been proved by its adherence to all its commitments and principles. We are attached to the Soviet Union with a strategic friendship which developed gradually in Syria from the middle of the fifties till 1980, when it reached its climax through the conclusion of the Friendship and Cooperation Treaty between Syria and the Soviet Union. The USSR is the only state in the world which offers us aid to protect ourselves and our national soil, and to fight the invaders of the Arab land. We appreciate this firm stand against invasion and in support of the just Arab cause. We have to say that the Soviet Union always stresses, in every meeting with the Arabs, the necessity of Arab solidarity, of closing the ranks of the Arabs, renouncing Arab division and adopting a united Arab stand. On the other hand, the U.S. continually works to create more Arab division, disruption fragmentation and inter-Arab feuds. We Arabs have to think carefully. Our thought must be bold and frank. Throughout their history, the Arabs have been known to stick to right and justice, fearing nobody. The heads that are bowing to the enemy now, shall receive no mercy, because the enemy will cut off these heads.

Let us distinguish clearly between friend and foe, and firmly put our hand in the hand of the friend and stand together against aggression, against the foe of whatever colour or calibre.

Question: In the current Arab political situation, do you expect the success of any Arab summit conference and has Mr. Abdul Halim Khaddam any plan to be

submitted to Arab Foreign Ministers' Conference?

Answer: The success of any conference depends on the will of the participants in this conference. If the wills of those who attend it were to concur on the priorities of the struggle at this historic stage, the conference would inevitably succeed. The Israeli invasion, and the necessity of the Israeli withdrawal from Lebanon are the urgent priorities that motivated the call for an emergency Arab summit conference. If all intentions prove sincere, and each participant puts everything he can afford on the table, a pan-Arab political, military, and economic power will emerge. This should have been achieved a long time ago. The Arab masses have been waiting, for a long time, to see a united attitude, a united conduct, a real commitment to the national struggle and a sincere implementation of the decision of the previous Arab summits. As participants in this conference, I believe that nobody should be allowed to manoeuvre or manipulate, since a major part of the strength of the enemy is based on the unfortunate state of Arab disunity, division and disarray.

Question: Earlier, at the outbreak of war, news agencies reported that Saddam Hussein had a telephone talk with President Hafez Assad and that it was an attempt of reconciliation for settling the Iranian-Iraqi problem, which will consequently help directing the Iraqi and Iranian armies to Syria. Is that true?

Answer: Nothing of this kind has happened. The Iraqi regime has not been politically, militarily or informationally concerned over the Israeli invasion of Lebanon. The Iraqi media and politicians have been busy trying to abuse Syria throughout the time of the invasion and to undermine its relations with the Palestinian resistance.

Question: The question of the Iranian-Iraqi war is a matter frequently discussed in the Arabian Gulf. Syria has said, through President Assad, that it will not stand idle when Iran advances in the Iraqi territories and that a

semi-resolution has been given to Syria that Iran will not advance a single inch in the Iraqi territories. At present, the war is raging on the Iraqi soil.

Answer: We have condemned this war since it began. We have said that Saddam Hussein's regime has contrived this aggressive war against a Muslim country, a friend of the Arabs, which voiced full commitment to the Palestinian cause, declared that it will utilize all its capabilities to back the Palestinian revolution in order to liberate Jerusalem. We have said that he who has launched the war has done so on behalf of American imperialism and in order to serve its interests. We have also said that this war will destroy the two countries, no side will emerge victorious. It will be a loss for the Iraqi people, a loss for the Iranian people and a loss for the Arab people. This is exactly what has happened. Iraq's economy has been destroyed. Iraq, which had an annual income of about \$ 40 billion of oil revenue, has received about \$ 40 billion assistance during the past two years from some Arab countries. Iraq's comprehensive plan of development has been halted and most of its installations destroyed. Official reports indicate that 50,000 of its troops have been captured, tens of thousands of both Iraqis and Iranians have been killed. Iran's economy has also been destroyed. It has been an unjust attack launched by Saddam's regime against the Iranian Islamic Revolution.

Saddam said that the objective of his war had been to cancel the 1975 agreement, which he concluded with Iran. Why has not he confessed that he himself had concluded this agreement and had wished it. He used to hold annual mass rallies to praise this agreement. He had never mentioned the name of the late Shah without stating all his formal titles and qualities. You know more than that, I also know much more than that. This war is still aggravating and should come to an end. Saddam has been militarily defeated because the Iraqi soldier has not been convinced of this unjust war. Saddam has called it

"Qadisiet Saddam". The Iraqi people have nothing to do with this war. It is in fact Saddam's war, as is repeatedly stated by the Iraqi media. He has been militarily defeated and politically humiliated, he has lost honour and manliness. When he addresses his troops he frequently uses literary Arabic and I wish he could use five correct Arabic sentences.

This which is currently happening is a result of this unjust war launched by Saddam. This war should reach its end, which is known. Formerly we told our brothers in Kuwait, Bahrain and other countries of the Arabian Gulf that we will stand with them against any aggression, whoever the aggressor might be, with all our potentials. President Assad had said that, his foreign minister said that, we all had said that. This is our firm stand. We had said that the government of the Iranian Islamic revolution has no ambition of grabbing a single inch of the Arab territories. This revolution reaffirms its stand everyday, it reaffirms this stand through its permanent envoys to the Arabian Gulf countries. Why should we blame them for a thing which they have never uttered? As for us, in Syria, the Iraqi regime had spread death in our streets through its deadly booby-trapped cars which it used to send here, which made us call him the hangman of Iraq. We said that Saddam's bloody hands should be removed. In one incident, at al-Azbakieh quarter in Damascus, over 200 Syrian citizens were killed, including children, elderly people and women. They were on their way to work or in their cars, waiting for the traffic signals, such a regime should be overthrown; it should be punished. We have not resorted to similar heinous deeds because we will never kill the citizens of Iraq. We have closed our borders with Iraq in order to protect our people from this criminal regime. We decided not to let the Iraqi oil pipeline pass through our territories. We have left to the Iraqi people, to the Iraqi Democratic National Committee, to the Ba'ath Arab Socialist Party's militants in Iraq, the question of liquidating this

treacherous regime of Saddam Hussein.

We were about to establish a full unity between Iraq and Syria when Hassan al-Bakr was President there. We discussed all the details; we were about to sign the unity agreement, when suddenly Saddam's coup d'etat took place. In one hour Saddam murdered 22 members of the Ba'ath Party leadership. He compelled the victims' relatives to participate in

the murder. I am not inventing stories; this was published by the Iraqi media. When Saddam killed Adnan Hussein, Ghanem Abdul Jalil and others, the Iraqi press said, he wept. But why did he do?

Thousands of people are assassinated in the streets of Iraq and he who is killed is described as "coward" and "traitor". He prevents the victims' families from carrying out the traditional rituals.

You, in Kuwait, are aware of what is happening in Iraq but many things in the Arab world are turned upside down. We should maintain the truthful word, so that the truthful opinion would prevail.

Question: Does this statement mean that Syria will not attend the scheduled non-aligned conference?

Answer: President Castro, in his capacity as current chairman of the non-aligned movement, has called for a meeting of foreign ministers on August 21 to discuss the question of transferring the venue of the future conference from Baghdad to some other place. I do not believe that it will take place in Baghdad because the non-aligned leaders would not want to risk going there.

Question: News agencies spoke of military reports concerning the mysterious plane which blurs the Syrian radars.

Answer: There is an observation post at Mount Hermon, and it is said that should Syria decide to destroy this post, all of her economy would be completely destroyed, in another word, there is a warning from the Soviets, that there is an equation.

Answer: Concerning the plane and the dogfight operations which took place between Israel and the Syrian forces, Israel used the

Hawk's Eye, which I previously described as an operation plane and a means of artillery surveillance and electronic disturbance of the radar screens and of radio messages. Israel also used, for the first time, F15 and F16 jets in real dogfights with the Syrian forces. Our air forces and Israel's air forces were not equal. With great bravery and faith, our fighters tried to limit Israel's air superiority. Our heroic fighters managed to provide a relative protection for our land forces and to confront the successive squadrons of Israeli warplanes, which wanted to deal a great blow to Syria. Israel has used the most modern U.S. military equipment in the battle and succeeded in destroying a great number of our planes and missile batteries.

Nothing was wrong with our fighters. In all the battles our fighters acted heroically. Not one Syrian pilot hesitated to carry out a sortie. Though he knew that he would fight under unequal circumstances. No pilot hesitated, no Syrian soldier left his position in order to flee. I am proud to say that no disciplinary incident was recorded such as ordinary crimes, during this phase of Syrian national unity. The internal front was completely in support of the fighters in Lebanon. Nothing was wrong with our weapons. Our weapons are good and the weapons used by our soldiers are good. But when the Israeli forces obtain new weapons, we must provide our fighters with their equivalent. Again, we downed the Israeli jets, as you know, and we will shoot them down in the future in every clash and in every dogfight. We are exerting all efforts to make up for what we have missed and our belief in the future has no limits.

Question: Some circles nominate Basheer al-Jumayyel for the Presidency of Lebanon, what is your opinion?

Answer: The invading Israeli forces are those who nominate Basheer al-Jumayyel for the Presidency of Lebanon. He is the President of the Israeli artillery and tanks to increase the oppression of the Lebanese people. This nomination has been rejected and condemned by all honest citizens.

Question: Concerning relations with Jordan. When Syria established good relations with Jordan, she wanted these relations to be open for the Arab world, besides the military aim of defending herself by preventing Israel from attacking the south of Syria and dividing Syrian land as Israel is trying now to separate Syria from the Bekaa valley. What are Syria's relations at present?

Answer: I have already mentioned that Syria had not seen any quarrel with any of the Arab countries. On the contrary, Syria, under the leadership of President Hafez Assad, sought to extend sincere friendship and loyalty to every Arab country, which is willing to reciprocate. We sought channels and steps for unity with every Arab country capable of adopting the motto of unity. We have always considered that Arab unity would be the most valuable achievement at the level of the Arab world, because the future of the Arab nation lies in achieving its unity. This happened in our relations with the brotherly state of Jordan, and I have explained how the capitulatory regimes try to find excuses for themselves by creating hostility with Syria in order to exempt themselves from any national commitment. Those who are meeting with the enemy leaders, in a semi-regular form, can never be loyal to any national or patriotic issue. Those who have long frontiers with occupied Palestine are in most need of Syria as a friend, brother and assistant, but if they do the opposite, this means that they have turned their back to Jerusalem and forgotten it completely.

Question: Al-Watan daily has received news reports which claim that the Syrian forces are exerting pressure on the Joint Forces and the Palestinian forces in the "Mountain area" to make them decrease the escalation of fighting in confronting the enemy.

Answer: I have not heard such news from any Palestinian responsible official, and you have met the Palestinian leaders. On the contrary, there is a complete and continued praise for what Syria gave and is giving, because Syria does not outbid with anybody. I have mentioned that Syria acts in

accordance with her words and promises. Syria has said that "We must fight and confront the invasion", and in fact Syria is bleeding in the fight against the invasion. This is a firm stand. As for those who do not wish this nation any good and are conspiring against it, sometimes to cover up their weakness and at other times to cover up their collusion and failure, they seek to make use of any gap or misunderstanding between the Syrians and the Palestinians. Our decision in Syria, as a Party and Government leadership and as a leadership of the society and the State, is that we will never permit such a thing to happen. Our relations with our Palestinian brothers are those of a common destiny. Our relations with the Palestinian cause are those of man's relations with himself. It is a patriotic adherence and not just a national adherence, and for this reason all the Palestinian leaders of the uprisings inside Palestine were, until 1947, Syrians, because, until 1947, demonstrations in Palestine declared that Palestine is part of Southern Syria. This is our history, man can not forget his eye or any part of his body, and Palestine is a dear part of Syria. We will keep the Palestinian flag high and we will continue to fight until we achieve victory.

Question: If a summit meeting is not held, what do you think will happen to the Palestinians in Lebanon?

Answer: Why do we have to suppose all these things. I think that the Arabs must meet and seek to unite their efforts. They must use all potentials, or some of their potentials, to deter the Israeli invasion of Lebanon and to liberate the rest of the occupied Arab lands.

Answer: In politics, there is no optimism or pessimism. Politics means work, and we in Syria are

working with self-reliance, with the help of friends and with what may be offered by brothers one day. We are optimistic because we are working, because we know what we want, because we work to reach what we want and because the future is always determined by the fighters' will. We are fighting for the sake of our future, which is not that of Syria only but the future of the Arab nation.

Question: What form the Palestinian struggle must take after solving the Lebanese crisis?

Answer: The Lebanese crisis is part of a greater crisis, it is the surface of a deeper crisis. The real crisis is the Zionist occupation of Palestine. The Palestinian problem is the essence of the struggle in the region, and unless there is a just solution, through which the usurped Palestinian rights are restored and all occupied Arab lands are liberated, no stability will ever be established in the Middle East. Tension will continue to prevail and the probability of a military explosion will continue to exist unless a just solution is reached for the Palestinian problem. In Syria, we are in a state of war with the Zionist entity in occupied Palestine, we have been in a state of war since 1947 and up to the present time.

Question: Under the present circumstances, what are your future expectations concerning the existing situation?

Answer: The possibilities are numerous and I cannot foretell of any. I can only predict that the Arab will, in general, and the Syrian-Palestinian will, in particular, must remain strong and continue to adhere to a principled stand in order to achieve victory, and this is what I am sure of. I can not predict what may happen, because the circumstances are difficult and the possibilities are numerous.

HASAKAH DEVELOPMENT VIEWED

Damascus SYRIA TIMES in English 16 Aug 82 p 3

[Article by Bashar Sati]

[Text]

During the past ten years, the governorate of Hassaka has greatly developed, the governor of Hassaka, Mr. Hussein Hassoun, said in a statement to Syria Times correspondent.

Describing Hassaka as a big production centre, the governor said that the governorate has a high level of grain output and agricultural products. Normally the governorate produces 1.5 million tonnes of grain a year. This constitutes 50 per cent of the total grain production of the country as a whole.

Every year, the government purchase around 1 million tonnes of grain. The purchase calls for providing currency liquidity, means of transportation, workers for loading, unloading and packing, centres for the purchase of grain, and a sufficient number of workers and experts to finish up the whole job.

Commenting on marketing procedures, the governor said that each year we are faced with the difficulties of marketing. We seek to serve

both the farmer and the producer, in the framework of the prices fixed by the government.

The governorate is serious in its efforts to all violations or misbehaviour. A number of people have been brought to court last year, and strict measures have been taken against violations of assigned wages and prices.

The purchase of grain is carried out by the 17 purchase centres scattered all over the governorate. The head of a centre, usually an agronomist, is aided by a Party representative, workers representative and other officials. They all evaluate the quality of the proposed grain and assign the appropriate price accordingly.

Commenting on water projects in connection with the growing of grain, the governor said that the area of the governorate extends 24,000 square kilo meters, 18 million of dunums which are arable and 87000 hectares irrigated. The total water wealth in the governorate is estimated at 4.3

billion cubic meters, 1.2 billion of which is only used to irrigate 878000 dunums of land.

There are a number of rivers in the governorate, namely, the 420 km-long Khabour, the 90km-long Garaj, and the 45km-long Tigris river.

The most important water project, aiming at extending the area of irrigated land at the expense of rain-fed lands, is the Khabour project, which is second only to the Euphrates Dam project. The aim of the project is to irrigate and reclaim 1.3 million dunums of land. This project has been carried out by the Establishment of Major Projects and by the Bulgarian Agricultural Establishment. Construction works at this project are active. So far, the technical and economic reports have been finished, the geological and hydrological reports ratified and the execution designs of the projects prepared.

In addition to the Khabour dam project, there are a number of other surface dam projects. The Bab al-Hadeed and al-Jawadya surface dams are designed to irrigate 28000 dunums of land. Al-Jarah dam is built with a storage capacity of 23 million cubic meters. The Mashouq dam has a water capacity of 2.5 million cubic meters and is capable of irrigating 3000 dunums of land. Other projects include the construction of Jaghjagh dam to irrigate 120000 dunums, Malkeya dams to irrigate 60,000 dunums with a storage capacity of 61 million cubic meters, the LS 10-million al Hakima dam, and the LS 10-million al-Mansouria dam, to irrigate 4000 dunums with a storage capacity of 1 million cubic meters.

The governor of Hassaka

emphasised that although those water projects were planned a long time ago, their actual execution has been carried out recently and during the period starting from the Correctionist movement.

In reply to a question on the government backing of socialist cooperation, the governor said that cooperative marketing is a new step, taken recently by the government. It actually saves time and money for cooperative producers and curtails exploitation and the role of the middleman. The policy of the state and the Party is to back cooperatives and agricultural investment through socialist cooperatives, which develop gradually and do not become promptly mature.

The state favours and supports cooperative marketing, and a number of prizes has been allotted by the state to honour cooperative marketing, which is basically related to the social background and team-work spirit of peasants. To promote cooperative marketing, peasants or members of a cooperative have to act as one, help one another and join efforts to develop their production.

Commenting on the bread crisis in the governorate, governor Hasoun said that there are occasional shortages of bread. This could be attributed to the closure of most villages' bakeries, fixing the exact price and quality of bread and the people's tendency to buy their bread from the state bakeries. The shortage of hands or the sudden increase of demand makes the bread market unstable. In addition, private bakery business is becoming difficult and less profitable. This has led the governorate to increase the production of

bread by building, in addition to its two present mechanical bakeries, following ones: a five-production-line bakery in Qamishli, a five-production-line bakery in Hassaka and a three-production-line bakery in al-Malkeya. The construction of these bakeries will be through by the end of 1982, ending the bread crisis.

In reply to a question on the crisis of potable water, the governor explained that the government has decided to make potable water available in all parts of the governorate. A number of projects to purify the water of the Khabour river have been prepared. Among them are al-Shdada project providing potable water for 27 villages, the LS 47 million project providing potable water for around 100 villages, the Tal Tamr project providing potable water for 27 villages and al-Manajeer project providing water for 27 villages.

In addition to these projects, the governorate has dug around 281 artesian wells providing potable water for more than 400 villages. The annual plan of the governorate calls for digging 40 wells a year.

Commenting on the medical services offered in the governorate, Mr. Hasoun said that the Hassaka hospital has 150 beds and the Qamishli hospital 70 beds. There are also 20 medical centres located in various parts of the governorate. Plans to enlarge hospitals and increase the number of beds and build new hospitals are under consideration.

The governor expressed satisfaction with the present medical services in the governorate but stressed the need for improving the medical cadre by appointing more experts and technicians.

EUPHRATES DEVELOPMENT PROJECTS CITED

Damascus SYRIA TIMES in English 19 Aug 82 p 2

[Text]

DAMASCUS, (ST) — The task of the Foundation of the Development and Investment of al-Furat (Euphrates) Valley is very important. It includes the following aims:

- Methods of using modern equipment and applying scientific methods to cultivate lands in order to help society development.

- How to increase the peasants education in connection with agricultural work and the use of modern tools and fertilizers. After the completion of reclamation, which is supposed to be carried out by companies under the supervision of the Foundation. The Foundation's task can be divided into two parts:

- Lands that are supervised by the state where governmental farms are established.

- Lands that are supervised by the private sector where co-operative societies are to be formed.

- The foundation is carrying out its plans in compliance with the Regional Leadership orientation; since the area is suffering from lack of manpower, especially skilled workers.

Some parts in the Euphrates Valley suffer from salinity which has to be washed out; otherwise, more than 5,000 hectares will become out of use due to salinity and the absence of drainage.

The two projects of Maskana and al-Ra'ed are estimated to cover 24,000 hectares. Al-Raed project includes 15 governmental farms. Maskana project includes seven governmental farms, the area of each being 2,400 hectares. The third project is the middle Euphrates area which covers 22,000 hectares. The Foundation will also be required to deal with 5,400 hectares in the next two months. The reclaimed land will be distributed to peasants and will be cultivated at the beginning of the next agricultural season.

The Foundation will cultivate beet, wheat, and cotton. Other pieces of land will be used for tree planting. Some parts of land in the Euphrates-Valley suffer from salinity and the role of the Foundation will therefore be to reclaim the land because more than 5,000 hectares may become unorable due to salinity and the absence of drainage.

SYRIA

BRIEFS

HIMS WATER PROJECT--Homs, (ST)--The General Company of Water Supplies will carry out a new project to transfer water from Ain al-Tannour springs to Homs water reservoirs in the city's southern area, the Director of the Homs Water Establishment stated here. He added that Homs Water Establishment has concluded a contract with the General Company of Water Supplies to carry out this project within two years. This project will cost LS 15 million. The new water supply line will double the quantities of potable water already supplied to Homs city. As the current water supply line does not cover the needs of Homs city, due to the increase of the population, construction and expanding development, studies to carry out another water project in the future are being made at the Ministry of Housing and Public Utilities, the Company's Director added. [Text] [Damascus SYRIA TIMES in English 19 Aug 82 p 2]

CSO: 4400/469

CABINET APPROVES INDUSTRIAL BANK, OTHER PROJECTS

Dubayy KHALEEJ TIMES in English 24 Aug 82 p 1

[Text]

THE UAE Cabinet has formally sanctioned the capital of Dh 500 million for the country's first industrial bank, enabling it to start providing the private sector the necessary loans, to help the country meet the rising demand of industrial goods locally.

Shaikh Maktoum bin Rashid, Deputy Prime Minister of the UAE and Crown Prince of Dubai, presided over the Cabinet meeting held in Abu Dhabi yesterday.

The bank, with a subscribed capital of Dh 2 billion, will have 51 per cent shares held by the government and 49 per cent by the private sector represented by several leading nationally-owned banks. The assistant undersecretary at the Ministry of Finance and Industry, Mr Ahmed Al Tayer, was appointed the bank's managing director by the Cabinet last April.

TV network expansion

The Cabinet also approved a project to expand the television network on the east coast of the country, at an estimated cost of Dh 12 million. With the expansion, viewers in Fujairah, Khor Fakkan and other places would be able to watch telecasts from all UAE television stations more clearly.

At the request of the Ministry of

Finance and Industry, the Cabinet also approved a project to import insecticides for the Ministry of Agriculture. The insecticides, being imported for local crops, are estimated to cost Dh 2.36 million. This is the first time insecticides are being imported on such a large scale. Plant protection has assumed greater importance because of the plan to reclaim desert land for agriculture under the new budget.

Farm research

Another important agricultural project approved by the Cabinet involves the establishment of an arid land research station at Gyathi, in the eastern sector of the emirate of Abu Dhabi. This new project will be set up at a cost of Dh 3.5 million. Gyathi is being fast developed as an important agricultural centre next only to Al Ain.

The session reviewed a report submitted by the Ministry of Labour and Social Affairs on the outcome of an emergency meeting held by Arab ministers for social affairs in Geneva last June.

The Cabinet also reviewed a report presented by the Ministry of Planning on the execution of the 1981 investment programme. A larger programme is to be implemented this year. The total amount reserved in the current year's budget for local investments exceeds Dh 2.5 billion.

CENTRAL BANK HEAD VIEWS ECONOMIC ISSUES

GF151233 Dubayy KHALEEJ TIMES in English 14 Sep 82 p 8

[Interview with Abd al-Malik al-Hamar, governor of the UAE Central Bank by Ezz E. Gad during annual meeting of the World Bank and International Monetary Fund in Toronto--date not given]

[Text] Question: A number of countries are blaming the OPEC countries for problems which they say they are facing as a result of the increase in oil prices? Do you agree with their contention?

Answer: No, it is not true. It has been proved wrong. Many of these countries, particularly the industrialised countries, are facing major structural problems which have led to recession, inflation, unemployment and low production. It has been proved that oil has nothing to do with these problems. It is the economic policy of these countries which is the major cause of their problems. It is true that some of these countries suffered in terms of availability of energy but that has been offset by the continued direct aid and specialized funds like the one created by OPEC, the fund for the development of African countries and Arab countries. We have a number of funds which provide facilities and loans not only for the Arab countries but other countries as well.

Question: The UAE does not experience any economic problems right now, but the economic situation has resulted in a decreasing revenue which could affect the national reserve and the balance of payment.

Answer: It has already affected ours. In 1980, there was a surplus of eight billion dirhams. It decreased in 1981 to about four billion. In 1982 the surplus may be of one and a half billion dirhams only. This is the general balance of payments position. The current accounts have a deficit so far of about 2.5 billion dirhams. This could be covered with the help of Central Bank or other reserves.

Question: What impact will it have on the development programme of the UAE?

Answer: So far there are no changes. The five year plan has not yet been fully adopted.

Question: There is so much outflow or cash from the UAE. Do you intend to do anything about it?

Answer: You cannot change it drastically. You have to create investment opportunities, for the locals. The government has been trying its best, with the real estate bank, the industrial bank, by encouraging the establishment of new investment companies inside the UAE. We try to help the locals to invest locally. We have also the expatriates. So it is not a question of whether we want or not, the question is whether we want to practice exchange control or not. We believe in free enterprise. So as long as the official policy is this, there will be a continuous outflow.

Question: Has the situation in Iran affected trade in certain emirates?

Answer: Business has been affected because of the war. Trading with Iran created more inflow than outflow. What worsened the situation was that the normal volume of outflow had not decreased, it continued in the same manner while the inflow of money through trading has considerably reduced.

Question: What is your opinion about the present state of the U.S. economy?

Answer: It is difficult question. The American economy, overall, is still and will remain a strong economy. The resources they have, the potentialities, the technology they hold, the management--in fact, the human effort put in it. It will depend on the official policy--whether of Mr Reagan or somebody else. How much will depend on the private sector, whether that will be in the interest of the Americans or not, we will leave these questions for the American people to decide. But it is evident that the Reagan administration would like to give more importance to the private sector. This would result in more private investment. What about the public sector? Figures show that the rate of unemployment is still escalating. We think it is more than 12 percent. It is an average figure. But if we take coloured people in the poor areas, the figure jumps over 25 percent. The social repercussions of such a policy is not well thought of in our countries. I am not saying this myself; the figures speak for themselves.

Question: Would you advise the UAE investors to put their money in the American economy?

Answer: Well, it is always advisable not to put all your eggs in one basket.

Question: In that case, Canada is, in fact, one of the unexplored countries as far as the Arabs are concerned, specially the UAE, with regard to investment. Are you thinking of diversifying UAE portfolio investments to Canada?

Answer: You should not always run after higher returns, without taking into consideration other possibilities. One should be content with moderate returns and less risks. That is why I say, if you diversify it is better.

Sometimes you go after higher returns and you get into trouble because it is not always safe to aim only for higher returns. Yes, Canada is one of the several unexplored areas. But one must look to the total potential and the economic state of the country one is thinking of investing in.

Besides, there are a number of countries in the Arab world which should be given first consideration. The yield in these countries may be low, but the safety factor will be much bigger. And that is better for the future. You can choose from several countries. Tunisia, Morocco with big food production. You can take the Gulf itself and the Sudan. Egypt is also a big country.

Food is a major area and services is another major area. Some of the developing countries are running after industrialisation where the risk is not always within the safety limit. The sector of services is much more profitable. We have tried it in the Gulf, but the success has been limited.

Question: What is the alternative?

Answer: Well, you have to have joint Gulf industries. You look for feasibility, for marketing. The question of investing is not a small matter. No one would invest his capital without studying the market. Look at what happened to aluminium Bahrain. Everybody thought it was feasible and profitable. But after some time Bahrain discovered that there was a monopoly in marketing. So you have to line up with them and share your profit with others. That means cutting on your own return. So it is not always a question of economics. It is a question also of studying other factors, like politics, society and management.

Question: Is there any progress towards a unified Gulf currency?

Answer: Well, the AGCC economic accord adopted last November asks the member-countries to take action to establish a unified currency. But no action has been taken yet.

Question: Do you expect to gain or lose by merging with the Kuwaiti dinar or the Saudi riyal because the UAE dirham is quite strong?

Answer: Well, if you take the overall economy of all the Gulf states, including Saudi Arabia, you will gain.

Question: One of the purposes of the AGCC is to develop free trade between the member-countries. How is it doing?

Answer: I don't think there are serious problems among the Gulf states. The position will further improve after the forthcoming meetings of AGCC in Bahrain in November.

We must, however, keep in mind that inter-state trade in the Gulf [is] rather small. Each Gulf state has developed its own facilities. So they don't need much inter-Gulf trading. But still, I think, there can be greater cooperation in particular sectors of trading such as consumer goods, food or medicine, where there can be a unified strategy. You could bargain on international prices for bulk imports for the entire region rather than for separate states. Similarly distribution could also be facilitated if you established the Gulf as one trading region, reducing transport and insurance costs.

The same could be said about the proposed unified exchange rates for different currencies and not one currency, backed by a bigger, a more sound economy, with a much larger circulation of money.

Question: The president of the IMF, the chairman of the World Bank and Prime Minister Trudeau (of Canada), all of them seem to appeal to you who are gathered here today to come up with a new policy and a new direction, because people are frustrated and confused, using the prime minister's words. Now, can we expect to have some hope from this conference?

Answer: It all depends on two factors: government policies and the private sector. When such leading international figures make an appeal, the question is who they are appealing to.

Question: You are the people with all the money? Where did all the money go anyway?

Answer: It goes to the West. Everybody knows that more than 70 percent of all our portfolios are invested in U.S. dollars in American, Western and English banks. Where does the profit go? They stay in the United States and in European countries. And now, beginning 1981, a new system has come it force. It is the IMF which attracts more of Euro-dollars to the American markets instead of the European market. It started in 1980 and has attracted about 200 billion dollars in the last two years to the American market of shares has been traded in New York. Everybody is trading in the American markets. I was with an American broker this morning. I asked him why it was so. He said, "Arab money is coming in." So our money goes back to Europe.

Now, if they are appealing to governments, it will depend on government policies--whether they change or not. If, on the other hand, they are appealing to the private sector, they are looking after their own interest no matter what they say, and looking after their own profits. That is what they are in business for--to make a profit.

Change in government policies depends on each country, on political parties there, on the strategy and political system of that country. Leading figures must make such appeals in such world gatherings. But they should clearly say whom they are addressing. Such international gatherings cannot change the policies of other countries. They can perhaps influence the poor

countries as the latter need them (world institutions) but they cannot influence the major industrial countries because they themselves need the industrial countries. So, we find the world crushed between the two extremes.

Question: The suggestion has come from the Americans for establishing a crisis fund or a special fund. Would you like to comment?

Answer: We should allow the World Bank to use its existing fund first because the capital increase has not been fully utilised. If we can do that, there may be enough to cover existing lending needs.

An emergency situation would require the surplus countries to conduct a survey, either directly or indirectly, through commercial banks, before giving loans to needy countries. But why should you resort to this while you have not fully utilised the World Bank's own funds, generated by capital increase, or through selective quota for the IMF? This would not require co-financing with the commercial banks. Creation of an emergency fund would be a sort of an indirect way of utilising the surplus countries' funds. This we should not agree to. As Mr al-Hamad (of Kuwait) said, we have given more than we should. If the industrialised countries, too, had done the same, they would have contributed 300 billion dollars, which would be more than enough to cover the deficit of these countries.

Question: It is said that people have spent beyond their means, and this probably has created the crisis. Do you agree with this view?

Answer: Well, if you take it worldwide, those who have are the few, those who have not are the majority. What kind of philosophy would you like to introduce to the world? In my opinion, it is the Islamic philosophy. But very few, even the Islamic countries, will do so. The Islamic philosophy requires those who have to give to those who do not have. An Islamic philosophy is more just, but how many practice Islamic philosophy?

Question: Are you in favour of Islamic economy?

Answer: A couple of years ago one of the leading bankers, an Arab educated in Europe, said Islam can solve the problem of inflation. Islamic banking is based on risk sharing and risk sharing is based on advance planning, on feasibility studies. There is no religion which puts so much emphasis on using your intellect and taking as little risk as you can, than Islam.

The problem of over-spending is a worldwide problem. People are creating what you call sod money. It is not real money. You know that the American dollar you are holding has a purchasing power of only about 65 percent, but you own it: in your banks as 100 percent. That is part of inflation, part of exchange rate, part of paying for other invisible differentials,

commissions, and that is what is wrong with most European countries. Last year, I was in Bangladesh and I met their vice president and minister of finance. They were very happy about getting a loan from the IMF of almost 100 million dollars. I made an offhand remark in which I asked why they were so happy about it. "You are almost 100 million in population. What could one dollar per capita contribute for their overall development?" The finance minister was shocked by the introduction of the idea. Isn't it better for you to depend on your own potentialities? Why do you want to disturb the social order and the mechanism of production inside your society? Once you depend on borrowing, you keep on borrowing, people become lazy and produce less. They consume more and they expect the government to give and the government expects international institutions and banks to give. But they can't give. Whenever they are sure they can get back more, they give you just papers, they don't give you real money, they don't give you real production. You have a lot of money in the Gulf why should you go for all these projects? Do you need them? What do you need them for? Can you compete with the other industries? In quality, in price? Why are you throwing your money away?

Question: What do you do with the surplus money?

Answer: You can save it. Kuwait's investment return is over 10 to 11 billion per year. They decided a long time ago to keep 10 percent for future reserve and reinvest it and now they are quite happy.

Question: What about the UAE? Are you planning to have a similar fund?

Answer: We should. Why waste and spend your money? You should spend only on what you need. Resources are not inexhaustible, there are always limits. There are limits to growth.

Question: The Zakat Institution, is it being implemented in the Islamic countries?

Answer: No, it's not. There is a new awakening about Islamic economy and Islamic institutions. But very few countries are in agreement about what these should be, because it is something new to them and unless they put it into practice, they will not really come to see the value of Islamic institutions.

Question: Well, the prime minister of Canada and the president and chairman of the IMF and the World Bank have urged for a new vision or a new direction. Would it be the responsibility of the Muslim countries to represent that alternative?

Answer: Yes. We have a solution here because if you want to fight inflation, you have to adopt the Islamic economic system. But it has not yet been adopted officially by the Islamic and Arab governments. In fact, many people inside the Islamic countries are opposing Islamic banking.

Question: I have heard it said that one of the problems of the Islamic banks is liquidity. They have so much of it. Why don't they invest it?

Answer: Maybe because of shortsightedness because of limitations of the local market. They have enormous deposits from their customers. But most important is whether or not they should introduce Islamic banking. The Islamic countries did support and adopt it in Riyadh last year. The central banks should modify their rules to allow Islamic banking to operate in their countries. The decision is being implemented gradually.

CSO: 4400/482

TANKER VISITS UP IN WESTERN PORTS

Dubayy KHALEEJ TIMES in English 25 Aug 82 p 2

[Text]

THE sharp rise in war risk insurance premiums and surcharge following the latest developments in the Iraq-Iran conflict has led to more oil tankers, which used to await their turn to offload in the lower Gulf coast, shifting to anchorages just outside the Gulf, off the ports of Fujeirah and Khor Fakkan.

According to an insurance firm source, tanker owners, already hard hit by the slump in oil trade, are able to cut down on sailing time in the Gulf proper and so reduce the costs of insurance which last week reached an all-time high, particularly for Iranian crude.

An estimated 40 to 50 vessels, among them super tankers and gas carriers, are believed to be in high anchorage off the western UAE ports. Their move to this location where war risk rates do not apply has been gradual since the start of the upper

Gulf conflict but has been expedited with each rise in premium rates. The western UAE coast is a convenient anchorage area for the vessels which proceed into the Gulf only after berthing space is assured at oil terminals.

While the number of vessels in high anchorage has remained constant in recent weeks, shipping and insurance sources believe this could rise when the effects are felt of the latest increase in premium rates.

The vessels move to the western coast has led to a mini-boom for ships chandlers operating in the Northern Emirates. A source at one company which has a substantial share of the chandlery business serving the fleet of idle tankers said business had increased in recent times by as much 50 per cent. Chandlers supply vessels with virtually all on-board requirements from foodstuffs to engine parts and clothing for crews. The UAE market notable for its low prices especially of consumer goods is favourably placed to cater to this unique demand.

In the case of tankers off the

Fujeirah coast, the demand is a constant one since many of the tankers lie in anchorage for prolonged periods, waiting for business. According to a shipping source, one newly-built gas carrier which made its maiden voyage to the Gulf earlier this year, is among the idle fleet still awaiting orders for a second voyage. Still others hoping for business from distant buyers of crude, are idling at half crew strength.

Even so, with the exception of tankers that might hazard a run to Iranian terminals, there is not much waiting time required of vessels taking country-to-country contract oil and LPG shipments since, with the decline in spot business, there is now ample berthing space at most terminals.

Meanwhile, ships chandlers have discovered another advantage in supplying tankers off Fujeirah. The high anchorage point is half the distant from the port than the position off the Dubai Coast. This reduces fuel costs for supply boats and also the time taken for delivery, often to moving vessels.

CSO: 4400/473

BRIEFS

MINERAL FINDS ANNOUNCED--Large quantities of copper and ores containing nickel, iron and cobalt have been discovered at the Hamoura mine near Taiz, according to North Yemen's Minister of Oil and Mineral Resources, Ali Abdul Rahman al-Bahr. The Minister told the London-based daily Asharq al-Awsat that work had begun on a geological survey and would be followed by test drilling to depths of between 250 and 300 metres. The work is being carried out by the Rumanian company Geomin. Mr Bahr stated that 100 to 150 million tons of the minerals had so far been located. He said that he was trying to interest Arab and international investors in taking part in research, exploration and exploitation at the mine. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 28, 30 Aug 82 p 8]

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