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13 SEPTEMBER 1991



# *JPRS Report*

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# Near East & South Asia

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# Near East & South Asia

JPRS-NEA-91-063

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**India Urged To Change 'Hostile' Attitude**

TA1308062691 Jerusalem THE JERUSALEM POST  
in English 13 Aug 91 p 1

[Report by David Makovsky and Reuter]

[Text] India will shortly establish diplomatic ties with Israel, a high-ranking Foreign Ministry official in New Delhi said yesterday.

"Our relations with Israel have greatly improved," the official said. "We are surely on the right track and the natural result should be the establishment of diplomatic relations, apparently within the coming year."

But a senior Israeli Foreign Ministry official ripped into the Indian official's comments.

"For 40 years, we've been hearing about how India may improve ties, so reports that it will upgrade ties in a year are insufficient. It is up to India to ask for normalization on an ambassadorial level. We have had consular ties since 1952.

"Whenever Israel has approached India, it has only been met with insults and abuse. We will not approach India

again, rather it will have to change its hostile and unfriendly attitude. If it does, it will find a welcome reply from Jerusalem."

India formally recognizes the State of Israel, but until now has refused to establish diplomatic relations, maintaining Israel has conquered Arab territories.

"We now have commercial ties, and Israeli tourists have recently been free to visit here," the Indian official said.

He cautioned, however, that "ties with Israel would not come at the expense of the PLO, whose official in New Delhi has been given embassy status. Our position on the Palestinian issue has not changed. India still favors an independent Palestinian state, and Israeli withdrawal from all occupied Arab territory."

The Israeli official doubted the motives of the Indian official. "Sometimes these stories sprout up to quiet calls for improved relations from an unlikely source, India's press, which has called New Delhi's hostile policy towards Israel an anachronism.

The improvement of Indian-Israeli relations has been the subject of much media speculation here since six Israeli tourists were kidnaped by Muslim rebels in Kashmir in June.

## REGIONAL AFFAIRS

### Kuwaiti Official on Investment in Egypt

91AE0566A London SAWT AL-KUWAYT in Arabic  
28 Jul 91 p 8

[Dispatch from Cairo: "Vice Chairman of Investment Authority Asserts: 'Kuwaiti Investments in Egypt Multiply at a High Rate'"]

[Excerpt] There is a lot of talk in Egypt on expanding opportunities for foreign and domestic investments, considered a "magic wand" capable of resolving chronic economic problems and propelling the Egyptian economy, especially in view of recent agreements with international funding organizations and the resultant 50 percent reduction in Egyptian debt.

But how successful was Egypt's open-door policy in accomplishing its goals? What deterrents are there to the inflow of Arab and foreign investment?

And, finally, what about Kuwaiti investments in Egypt? [passage omitted]

#### A Clear Vision

Dr. Husni Khalil, vice chairman of the Money Markets Authority, believes that many investment officials in Egypt are still influenced by the socialist system and are afraid of market-driven economies. "Proof is that we have not yet resolved our posture towards the public sector even though it is faulty and bureaucratic."

His solution is for the state to keep its hands off economic activity and to allow investments by the private sector only after support funds are established.

#### Priority to Private Sector

And, finally, what do government officials say?

Dr. Samir Tubar assured SAWT AL-KUWAYT that 60 percent of investments have already been allocated in next fiscal year's budget. He pointed out that Egypt endeavors to drive economic development by giving priority to private sector investments, be they Egyptian, foreign, or joint ventures. He emphasized that the next three years will see a revival of the Egyptian economy and the beginning of total reliance on private sector initiatives.

Dr. Tubar said that some \$6.7 billion in Arab debt has been forgiven.

Dr. Muhi-al-Din al-Gharib, Vice Chairman of the Investment Authority and the number-two investment official in Egypt, said in an interview on the rate of Kuwaiti investment in Egypt that during the period of Iraqi aggression against Kuwait, a protocol was signed for a Kuwaiti-Egyptian investment holding company capitalized at 1.5 billion Egyptian pounds.

He pointed out that Kuwaiti investments in Egypt tend to expand to serve local markets and exports and that they cover various sectors, including industry, agriculture, tourism, construction, and services. He emphasized that the volume of Kuwaiti investments in Egypt will increase at a high rate over the next few years.

He added that Arab investments account for 18 percent, and foreign investments for 16 percent, of investments in Egypt totalling 20.5 billion pounds, which are expected to rise to 22 billion pounds in 1992.

### Lebanese-Syrian Economic Cooperation Viewed

91AE0509A London AL-HAWADITH in Arabic  
14 Jun 91 pp 51-52

[Article: "Economic Cooperation Between Lebanon and Syria Began Before Signing of Pact"]

[Text] The agreement signed and approved by the authorities in both Lebanon and Syria, stipulates that a joint committee formed for economic coordination and cooperation will include the ministers for economic and commercial affairs in the two countries. Despite the difficulty in defining what the economic relationship between the two countries will be under this agreement, sources connected with Lebanese-Syrian relations compiled a great deal of data, before and after the pact was signed, on economic cooperation, and they believe that the agreement commenced economically before it was finally drafted, signed, and ratified.

These sources say that what occupied Lebanese thinking before entering into the economic details of the agreement was the impact of results and consequences of coordination and cooperation on the free economic system in Lebanon, especially since the economic system in Syria is a state-directed system in which the public sector dominates the private sector. In the context of the agreement itself, as well as in the context of comments that accompanied its signing and approval, many references to all of that were made.

Article Two of the agreement stipulates: "The two nations—Lebanon and Syria—shall work to achieve coordination and cooperation between them in areas of economics, agriculture, industry, commerce, transportation, and communications. They will also establish joint projects and coordinate developmental planning."

In the same article, the agreement also referred to the need to maintain the free economic system in Lebanon within the framework of coordination and cooperation.

In addition, the Lebanese President Ilyas al-Harawi, in a speech following the signing of the agreement in Damascus, pointed out that he had no fears regarding freedom of the economy in Lebanon. Moreover, the agreement does not force anything on Lebanon that could injure its interests or that is incompatible with its constitution, either politically or economically. In the

same context, in their preparatory discussions that preceded ratification of the agreement, Lebanese deputies in Parliament emphasized the need to maintain the free economy in Lebanon. They believed that the pact was not incompatible with this economy.

The aforementioned sources say that a characteristic of Lebanon—within the context of its free economy—is the secrecy of the banking system; the growth of the private sector; and the encouragement of individual initiative without regulations and obstructions, except for the regulations of Lebanese national interests and the expansion of commercial relations abroad. If these factors are not present in the Syrian economy, that does not mean that the agreement should be annulled. The sources say that the Syrian presence in Lebanon preceded the agreement, and that there has been no agreement since the middle seventies. However, freedom has not been infringed upon. On the contrary, it is clear that Syria has interests in this banking privacy. It is not easy to infringe upon this privacy, because it is stipulated in Lebanese laws and is the basis of banking operations in Lebanon; without it, all this work would collapse. Furthermore, according to the same sources, the agreement cannot infringe upon commercial freedom, individual initiative, and the private sector, all of which are Lebanese economic private affairs, but rather, might prevent their being exploited to damage Syria and its economy by means of suspicious deals, smuggling, or fraudulent activities with certain Arab boycott laws against Israel and its products.

These sources say that Syria's economic deficiencies are complemented by Lebanon, either by the banks; the ports open to the world; or the Lebanese commercial houses, which have connections with the entire world and with its economic center. This will enable the Lebanese market to determine how not to deplete commodities that both Lebanon and Syria require. Accordingly, there is no fear regarding economic coordination and cooperation, so long as this is within the two countries' laws. On the contrary, coordination and cooperation will help to turn the Syrian market into a market for Lebanese agricultural and industrial products.

No matter what the observations and reservations, economic cooperation between Lebanon and Syria began in more than one field before the matter of a treaty was raised and adopted. In southern Lebanon, Syrian companies are carrying out several projects. These companies include Qasiyun Contractors, which is installing a vast network of communication lines. In Beirut, the Syrian Contractors and Contracts Company is building roads for the southern gates of the capital.

Official steps have also been taken in most of the appropriate areas on the economic level. In the middle of February 1991, Lebanese Prime Minister 'Umar Karami sent a letter to the Council of Development and Reconstruction, inviting it to "prepare a comprehensive study for development projects of mutual benefit between Lebanon and Syria in fields of energy generating, water

resources, an international highway network, international telephone communications, etc., and to submit recommendations concerning implementation and financing priorities."

In this regard, those close to the Council of Development and Reconstruction said that a study has been drafted encompassing close to 20 projects for roads and entry points between the Lebanese and Syrian borders, as well as for power stations in the border areas and joint irrigation projects.

In mid-May 1991, Lebanese Minister of Economy and Trade Marwan Hamadah officially invited his Syrian counterpart, Dr. Muhammad al-'Imadi, to visit Lebanon at the head of a delegation of his choosing. The purpose of this visit was to follow up discussions that Hamadah held in Damascus on 11 February 1991. Moreover, the Lebanese Government stated, in a governmental resolution following Hamadah's talks in Damascus, that it welcomed negotiations with Syrian authorities and noted that Syrian authorities had expressed similar sentiments in this regard by agreeing to annul the decision imposing a ban on the importation of goods of Lebanese origin. Syrian authorities also agreed to increase the 'equivalency agreement' from \$3 million to \$10 million. They also agreed to form a joint committee to eliminate all transit obstacles.

The Lebanese Government's resolution stated: "Accordingly, and with due deliberation, the government has resolved to thank the Syrian authorities for this favorable response with regard to consolidating economic relations between Lebanon and Syria, and to convey the sincere wish to anchor those relations on pillars of brotherhood and mutual economic interests between the two countries." AL-HAWADITH has previously dealt with the new economic agreement between Lebanon and Syria, which introduced the equivalency agreement.

The Syrian minister, Dr. al-'Imadi, did visit Lebanon, where he pursued the talks held by Hamadah in Damascus on the principle of expenditure that was reached at that time.

The economic sources to whom we have referred think that economic relations between Lebanon and Syria were always based on a "mini-boycott," except at certain times, and that was equally due to Lebanese or Syrian authorities. Accordingly, the agreement of the "equivalency agreement" was made to consolidate and regularize these relations. A committee to eliminate barriers to Lebanese transit trade is also being established, because of that trade's considerable importance.

In order to shed light on the importance of relations with Syria, we talked to the head of the Association of Lebanese Industrialists, Dr. Fu'ad Abi Salih, within the context of the association's attempts to find new markets for Lebanese exports. Abi Salih said that there are constant contacts with Syria to coordinate economic relations to attempt to modify the economic agreement

between Lebanon and Syria. The aspects that could alter the agreement include the following:

1. Reconsideration of administrative and financial restrictions on commodity exchange in the two countries;
2. Exemption of this exchange from fees and taxes, aimed at protecting the products of each country in the other;
3. Efforts toward economic interaction in investments, by encouraging capital in the two countries to invest on the basis of the better economic gain from one of the two countries; and
4. Freedom to work in both countries for citizens of the other country. Dr. Abi Salih said: "It is impossible to obtain these results by magic, especially since the mini-boycott, which was artificially imposed on the two countries, has lasted a long time. Its consequences were translated in practice by creating centralized interests that might not permit it to be overturned quickly. Therefore, it requires the establishment of a working committee to carefully study each commodity and each project separately. We have the ability to reach the goal at any time."

Therefore, as Abi Salih said, the economic agreement with Syria is assumed not to be an ordinary agreement, but rather, it should be an option for full liberalization by the two countries in the area of trade exchange and the establishment of economic activities and industrial integration. Most neighboring countries that have similarities to each other achieve this.

Despite the fact that the date of Dr. Abi Salih's statement was before the signing of the agreement, or even before it had been raised, he is almost prescient about it, at least on the industrial and commodity levels. In this regard, Lebanon will benefit more when Syria accepts this proposed openness.

In any event, the economic side of the agreement is being revealed. The latest economic agreement between Lebanon and Syria was signed on 11 February 1991. Lebanon was represented by Minister of Economy and Trade Marwan Hamadah, and Syria by Minister of Economy and Foreign Trade Dr. Muhammad al-'Imadi.

The most prominent item in that agreement was the decision of Syria's Prime Minister Mahmud Zu'bi, on that same day, to "abolish Law 1/1941, the attachment to your letter M9/4/692, dated 11 October 1990, concerning the request to reconsider the letter of the Office of the Prime Minister number 1/1941, dated 23 March 1986, in accordance with which the importation of commodities and materials of Lebanese origin was halted.

"Based on the direction of the Economics Committee, in its 10th session on 6 February 1991, we approve your request to terminate the action in the letter of the Office of the Prime Minister Number 1/1941, dated 23 March

1986, and allow the importation of commodities and materials of Lebanese origin, in accordance with foreign trade regulations and the laws and executive regulations in this regard." The decision was signed by Mahmud Zu'bi himself.

The agreement drawn up between the two countries stipulates the following:

"Until Lebanese-Syrian favored relations are regulated comprehensively and in accordance with the stipulations of the Lebanese National Accord:

1. A provisional Syrian-Lebanese economic committee will be formed, chaired by the ministers of economy and foreign trade in Syria and Lebanon, whose mission is to monitor the state of bilateral economic relations, strive to explore new horizons and frameworks, and follow up the process of coordination, cooperation, and dealings between the two countries.

2.a. Increase the value of the equivalency agreement to \$10 million, vice \$3 million, in order to achieve the mutual desire of the two countries.

b. Rely on the U.S. dollar exchange rate to settle the account on trade dealings of the equivalency agreement, on the basis of the rates of neighboring countries in accordance with rates published by the Syrian Trade Bank.

c. Prepare final commodity lists for equivalency agreement implementation commensurate with the regulations set forth for this agreement.

3. Until the new economic and commercial relations between the two countries are formulated, activities will continue under the regulations of the Economic Agreement of 1953, and amendments, and in accordance with the regulations of foreign trade implemented in each country.

4. In the field of transportation and transit: A Syrian-Lebanese special committee will meet to review the state of transportation and transit between the two countries in light of the agreements and regulations observed in both countries. The committee will draw up future concepts to facilitate and develop cooperation between them in this field, provided that it meet within a month from this date."

The subject of "transit" is most important for Lebanon, because Lebanon can only reach the Arab world by land through Syrian territory. It borders Syria on the north and east, and even the southeast. To the south lies occupied Palestine, where the Israeli occupation authorities are. Therefore, Lebanon and the Lebanese must travel through Syria by land, as must the transit trade itself, which, at one time before the war, was one of the most important Lebanese economic sectors. Transit trade means that Lebanese merchants import from the West, East, and the entire world, and then re-export the goods to Arab countries, especially in the Gulf. The goods are imported by sea, through the port of Beirut

and the legal Lebanese ports, or through the international airport in Beirut, and then the imported goods are transported overland across the Syrian-Lebanese border, through Syrian territory to the six Arab Gulf countries, and perhaps elsewhere. It is also true that importation takes place from Turkey, and sometimes from Europe, and the goods are trucked from there to Lebanon through Syria.

However, this latter case occurs infrequently. Transit trade means Syria's acceptance of the shipment of Lebanese goods, or goods that the Lebanese have imported and are reshipping through Syria. Syria's role is to facilitate this trade in exchange for fees agreed upon between the two countries. Without Syria, this transit trade would not survive. Therefore, the role of economic "bridge" that Lebanon once played between the West and the Arab world was due to this transit trade. Naturally, this governs Lebanese-Syrian relations as a whole, since any day one of the Syrian prime ministers closes the borders with Lebanon in a so-called "mini-boycott," Lebanon is thereby economically choked because of a political situation. Accordingly, the pact might regulate this and other trade in accordance with clear laws and agreements, inasmuch as Lebanon cannot get along without this important and extensive trade.

There is also another aspect closely connected with the territorial and geographic borders between Lebanon and Syria. Oil pipelines from Saudi Arabia and Iraq to Lebanon cross through Syria to Tarabulus in northern Lebanon, where the Tarabulus refinery is located, and to the refinery at al-Zahrani. This is also a source of income and livelihood for Lebanon. These refineries are now shut down. A future economic agreement will also include them. Contacts on this were recently made between Lebanon and Syria concerning the Tarabulus refinery and its operation. The statement made by Syrian Prime Minister Mahmud Zu'bi in mid-May 1991, raised this issue, and he confirmed Syria's readiness to conclude an oil agreement with Lebanon from one nation to another. He added: "The Government of Syria, through visits made by the Lebanese minister of industry and oil, has reviewed the establishment of a joint bureau for the Tarabulus refinery, in addition to participating in the refinery's maintenance and repair." He stressed that Syrian repairs to the pumping lines have been completed, with certain small repairs remaining on the section located within Lebanese territory.

The normal situation, as it was before the war, is that normally crude oil is pumped from Saudi Arabia to the al-Zahrani refinery in the south. However, Israel prevents that because of its control over a section of the pipeline in the territory that it occupies. Moreover, oil pumped from Iraq goes to Tarabulus, and this is not likely to occur soon. Accordingly, Syria has proposed that the oil be pumped from Syria through the pipelines to Tarabulus, where it will be refined and used. Naturally, this will change the Lebanese oil market considerably, especially with regard to prices benefiting the Lebanese consumer.

All of this constitutes partial points here and there concerning Lebanese-Syrian economic relations whose file is usually in disarray. Accordingly, the pact will bring order to those and other relations, to the benefit of both countries, and without fear, because the foundation is integration, not abolishment, especially since the entire pact is between two sovereign and independent nations.

#### **Egypt's Parliamentarians To Visit Libya**

*91AA0579C London AL-SHARQ AL-AWSAT in Arabic  
5 Aug 91 p 4*

[Excerpt] It was learned from parliamentary sources that two delegations from the Egyptian parliament are expected to make important visits to Libya next month within the framework of Egypt's and Libya's eagerness to strengthen parliamentary relations between them.

It is expected that the first visit will be by the delegation from the parliament's Arab affairs committee, headed by Sabri al-Qadi, during which important talks will be held with officials in the people's committees of the People's Libyan Jamahiriyah on the role of popular diplomacy in clearing the air among Arabs and bringing back Arab solidarity.

The delegation's talks there will deal with a number of political issues related to new developments on the Arab and international scene concerning the proposed amendments to the Arab League charter which have been submitted for debate. They will also touch on developments in the Palestinian issue and the course of peace in the region.

The talks will also deal with the plan of action on establishing a national Arab parliament in the future, similar to the European parliament. This is an idea that Libya has proposed more than once.

The delegation from the economic committee of the Egyptian parliament, headed by Dr. Ibrahim al-Dakruri, is scheduled to visit Libya next September. [passage omitted]

#### **New Arabic Broadcasting Station To Reach Middle East**

*91AE0541C London AL-HAWADITH in Arabic  
26 Jul 91 p 54*

[Article: "Television Station Speaks to 105 Million Arabs"]

[Text] Early next August, London will witness an Arab media event when the Middle East Television Center [MBC] will begin to broadcast in Arabic via satellites. It will broadcast to resident colonies or visiting Arabic speakers in Europe and to the various Arab countries after the center's plans have been completed and it is ready to announce its official birth.

The center will use Eutelsat 2 to televise throughout Europe, and Arabsat to televise to the Middle East region and Africa.

This center will be the first independent Arab television station to concentrate on news, entertainment, educational, and technical programming and to speak to the Arab masses, estimated at 5 million viewers in Europe and 100 million in the Arab countries.

The center has dedicated its efforts to fundamental planning in London for the past two years, and has recently settled into television broadcasting studios west of London.

The MBC news program will be continuous throughout the hour, with live news bulletins provided at the top of each hour. There will be direct televising nine hours per day, beginning at 1500 until midnight GMT.

Apart from the entertainment, cultural, and educational programs, there is family and contemporary life programming produced in an appealing and advanced technical style. In addition, the best of classical Arab and foreign films will be shown, along with certain series that are appropriate for Arab tastes.

MBC's goal is to show the world an Arab view with a work team of journalists and information producers from all corners of the Arab world, and the world as a whole, who will continue to provide comprehensive coverage of the hour's events.

This center is considered the first international Arab television project established by a group of Arab businessmen. The center will try to build a cultural bridge to link the Arab—with his intellectual, scientific, and economic abilities—to his heritage, traditions, customs, and values. In this context, the center is interested in connecting the viewers with their roots by means of offering them programs that are chosen with care to fulfill those needs within themselves. It will also offer programming about nature and the environment, including life before and after pollution. The viewer will be transported to capitals on oceans and in jungles and will orbit the stars. There will also be medical programs following the course of health care development and progress in new techniques of diagnosing and treating disease. In addition, historical programs will concentrate on events of the past, along with a look at the world press in order to understand the highlights of reporting.

The center will attempt to attract viewers and observe needs and tastes through studies and on-the-spot opinion polls in order to develop programming. One can receive the free transmission of this new television station via his country's 60- to 80-centimeter dish, of the standard type now used in Europe to receive satellite channels such as "Astra." These dishes are readily available and will receive the center's program and satellite channels. In the Arab world, the viewer can use the dish measuring between 120 and 150 centimeters to receive the broadcasts.

The Middle East Television Center is managed by Tariq [Rayri] (a Saudi) and Tony Nufal (Lebanese). It is a private organization and relies on independence and objectivity in its general programming. This center constitutes an important Arab media point of departure in the heart of Europe.

### Report on Arrears of Arab League Nations

*91AA0579B London AL-SHARQ AL-AWSAT in Arabic  
2 Aug 91 p 2*

[Text] Reports of the Arab League's general office of administrative and financial affairs confirmed that the arrears (debts) of Iraq, Sudan, Yemen, Mauritania, and Jordan to the Arab League's budget has risen.

Figures confirm that the arrears of the five states have reached \$32,002,849. Iraq occupied the first place among the states that were late in paying their share to the Arab League's budget, the balance of its debt being \$18,701,101. Iraq is late in paying \$2,751,414, its share of the League's budget for 1991; \$1,370,915 for the 1990 budget; \$2,551,506 for 1986; \$3,580,722 for 1985; \$3,482,489 for 1984; \$3,215,882 for 1983; and \$1,748,173 for 1982.

Sudan's total arrears to the Arab League budget are \$7,692,584. Sudan has also refused to pay \$412,712, its share of the current year's budget; \$402,607 for 1990; \$448,616 for 1989; \$501,347 for 1988; \$222,246 for 1987; \$482,727 for 1986; \$447,158 for 1985; \$522,374 for 1984; \$309,571 for 1982; \$379,693; and \$268,181 for 1980, and \$192,706 in 1979.

Yemen's debt (arrears) to the League's budget has reached \$2,591,922, of which \$550,283 is what it owes to this year's budget; \$529,481 for 1990; \$1,015,159 for 1989, of which \$732,748 are arrears of the Yemen Arab Republic, and \$282,411 are arrears of the Democratic Republic of Yemen; \$496,999 for 1988, of which \$454,187 are arrears of the Democratic Republic of Yemen, and \$42,812 are arrears of the Yemen Arab Republic.

The total size of the arrears of the Islamic Republic of Mauritania to the League's budget is \$2,490,400, of which \$275,141 is what it owes to this year's budget; \$268,404 for 1990; \$221,108 for 1989; \$267,694 for 1988; \$191,851 for 1986; \$111,670 for 1985; \$324,489 for 1984; \$321,588 for 1983; \$195,140 for 1979; and \$313,315 for 1978.

The size of Jordan's debt (arrears) to the Arab League budget is \$525,842, of which \$275,141 is what it owes to this year's budget; \$68,419 for 1990; \$174,433 for 1989; and \$7,849 for 1987.

### Next League Session To Discuss Charter Amendments

91AA0579A London AL-SHARQ AL-AWSAT in Arabic  
4 Aug 91 pp 1,4

[Text] Informed sources in the Arab League reported that the seven-member committee formed to study proposed amendments to the League's charter will present a complete report on the results of its work to the next regular session of the League's assembly, which will be held at the foreign ministerial level next September in Cairo.

In an exclusive statement to AL-SHARQ AL-AWSAT, these sources said that the special committee will complete its work a few days before the League's assembly is held, since it is scheduled to be held at the League's headquarters during the last week of August, after Dr. 'Ismat 'Abd-al-Majid, the secretary general of the League, has completed his third Arab tour, which he is scheduled to take this month. The tour will include Arab North Africa and Mauritania, in addition to Sudan, thus rounding out his visits to all the Arab states since he assumed his new post.

The sources indicated that the League's secretary general will hold meetings with the permanent delegates of the Arab states in the League before and after his third Arab tour in order to set a position on a number of principal amendments, foremost of which are the establishment of an Arab court of justice and a joint defense agreement.

The sources confirmed that many Arab states welcomed the change from the system of a unanimous vote on the League's resolutions to one of a majority vote, since that would ensure, first of all, that the resolutions would be effective and that problems would be tackled with determination.

With regard to the plan to establish an Arab court of justice, the rules and regulations that would govern the workings of this court are now being reviewed, as is the extent to which its rulings would be enforceable. This would ensure a speedy resolution of the occasional disagreements and such, which might arise among Arab states, on condition that its rulings be final and not subject to appeal.

In this respect, the League sources explained that establishing this court has become an urgent necessity that must be one of the priorities of joint Arab action to set conclusive limits on Arab border disputes.

Negotiations are now going on regarding the formation of the court's judicial body on the basis of rotating representatives from various Arab states, and on guaranteeing neutrality in the rulings that it issues.

The sources indicated that there is no disagreement on the points relating to mandating that Arab summit conferences be held annually or semiannually, in view of the fact that these are among the fundamentals and mainstays of joint Arab action.

### Regional Affairs After Gulf War Discussed

91AA0541A Cairo AL-AHRAM AL-DUWALI in Arabic  
18 Jul 91 p 8

[Article by Lutfi al-Khuli: "'Brothers-Enemies' and 'Gulf Phenomenon'"]

[Text] The Gulf crisis, erupting as a consequence of Iraq's occupation of Kuwait, exposed a central hidden fact that has continued to govern relations between members of what was called the Arab system, which existed from the mid-1940s and the end of World War II to the first moments of the dawn of 2 August 1990.

It is my opinion that this central fact can be expressed initially in a crude phrase that says: If the Arabs are brothers in history, geography, language, and cultural and psychological makeup, then they continued to be "brothers-enemies" when it comes to interests throughout the time span extending from 1945 to 1990, with some small and transient exceptions.

The gulf crisis may be, and we are thinking loudly here, the critical point at which contradictions on the two axes of "brotherhood" and "enmity" in the inter-Arab relations reached their peak. Consequently, the Arab system exploded from within in the form of the Iraqi Armed Forces' invasion of Kuwait under varied slogans, beginning with the "historical legitimacy of unity" and the "division of wealth between the rich and the poor" and ending with the "liberation of Palestine from Israeli occupation."

What is noticeable is that all of these slogans are the echo of the resounding frustrations that had continued to shake the roots and foundations of the Arab system violently, whether due to the system's lack of self-efficiency, or due to its failure to adapt positively to the circumstances and developments of the climate engulfing it regionally and internationally.

This is because none of us, be he ruler or ruled, rightist, centrist, or leftist, dared acknowledge and confront this central fact governing the Arab system. Rather, we ignored it ideologically, and moved either forward or backward to escape it practically, and the "hostility" aspect of inter-Arab relations began to become more and more deep-rooted day after day at the expense of the "fraternity in Arabism." This is why this Arab system has never been able, at any moment of its history, to establish a collective security system, whether between its members themselves, or between them collectively against a foreign aggressor. This was never achieved, despite all the concluded treaties, especially the joint Arab defense treaty, which has continued to be mere ink on paper and a scarecrow in a fallow field which deters no one, either from within the Arab system, or from outside of it, because all the birds have come to know the true nature of this scarecrow.

Because "hostility of interests" came to be the fundamental criterion of inter-Arab relations and the concern

most loudly voiced by each Arab country, group, or faction in its dealings with the Arab system's other countries, groups, or factions, the concept of "security" remained the captive of a single dimension, namely the pure military or police dimension, to the exclusion of the political, economic, and social dimensions. This concern was reflected, in turn, in numerous sharp distortions in the political, economic, and social structure of each country separately and of all the Arab countries collectively, and it created that climate convenient for oppressive dictatorial regimes, for oppressing the citizen's rights and liberties, and for impudent spending on weapons imports and on strengthening the police security agency and a hollow information agency at the expense of socioeconomic development, whether at the single-country level or the pan-Arab level.

Therefore, when the event occurred on 2 August 1990, the Arab system collapsed from within and divisions erupted in it, whether at the level of governments or of parties, and even at the level of individuals. Of course, no effective collective security mechanism to deter aggression existed. What materialized were small-scale rescue efforts from just two countries, namely Egypt and Syria, who did not have the capacity, whether quantitatively or qualitatively, to eliminate the Iraqi occupation, with its massive forces that were armed with the latest weapons. So it was inevitable that Kuwait, Saudi Arabia, and the other gulf countries which fell within the sphere of the threat would request aid and protection from the United States and the West generally, taking into consideration the fact that U.S. and western interests were intertwined in an unprecedented manner with gulf security interests within the oil crucible.

We are not justifying here the creation of what came to be known as the international alliance, led by the United States, against Iraq and Iraq's occupation of Kuwait.

We are simply focusing the light on the actual course of the developments which came in rapid succession within and around the Arab system after 2 August 1990. When countries like Egypt and Syria joined the international alliance directly and others joined it indirectly, this action emanated from numerous, and perhaps different, causes and motives. But, in our opinion, one common fundamental cause or motive cannot be ignored, namely that if Iraq had been permitted to entrench its occupation of Kuwait and to annex Kuwait to its territories, then it would have turned from an Arab country, with relative weight and influence, into a regional power dominating the Arab region. Saddam would have risen from the level of an Arab head of state to the level of the Arab leader with the irrefutable word and decision to which all the Arab presidents, kings, emirs, and shaykhs would have had to submit.

It seems to me, from a reading of the post-Kuwait liberation reality, and the retreat of Iraq and its regime to lick their dreadful wounds that are hemorrhaging the blood and devastation inflicted by the Desert Storm

battle, that efforts are being made to prevent a recurrence of the gulf crisis in the future in one form or another. The path for accomplishing this objective, as indicated by the Damascus Proclamation plan or other plans, is to build a security system that is purely military in dimension and nature, without any fundamental change in the weak and brittle structure of the Arab system, which is dominated by the "fraternity-hostility" characteristic. The disagreements expressed on this matter do not center on building a new Arab system with complete security, political, economic, social, and military dimensions. They center on whether the military security system should be Arab in structure and components, at least insofar as its fundamental nucleus is concerned, or should incorporate the neighboring countries from the outset, especially Iran and Turkey, and perhaps Pakistan, in a tapestry that is allied with the United States, and with the West in general.

It is my opinion that these efforts, and the differences of opinion engulfing them and concerning the nature, components, and limits of the military security system, amount to nothing more than ignoring that central fact which is hidden in the Arab structure, and which is embodied in the contradiction between the "fraternity" axis and the "brothers-enemies" axis in inter-Arab relations. These efforts do not amount to an open and explicit confrontation of this hidden fact. Consequently, there is no objective guarantee that the gulf crisis will not recur in the future in one form or another in this or that part of the Arab world.

In this regard, more than one serious question mark is forming under the surface of the events that are still aflame. But nobody is courageously trying to pull out even one of these question marks and to plant it openly on the surface. Even though everyone talks of the need to be frank in dialogue and debate in light of the exorbitantly expensive lessons that have been learned from the gulf crisis, the frankness has not yet, as a consequence of the law of contradiction between "brothers in Arabism" and "brothers with hostile interests," reached the level of submitting these question marks to a live debate. Rather, they are expressed in vague "logarithmic tiffs and quarrels" that drive everybody to the labyrinths of Jiha's rivulet of which our popular folklore speaks.

How?

Since the 1960s and the start of the modern petroleum era, what can be called the "gulf phenomenon" began to grow in the Arab world's womb. Because the backbone of this phenomenon is oil, the main source of energy in this age of ours, this phenomenon attracted direct and profound international interest. Because the gulf phenomenon incorporates that which is Arab and that which is non-Arab—a strong Iran specifically, whether in the shah's era, in Khomeyni's era, or in Rafsanjani's era—the Arab aspect of the phenomenon has crystallized since the 1980s in what has come to be known as the GCC [Gulf Cooperation Council] incorporating the six gulf states.

Because these six states are close to one another, because they overlap in terms of political, social, and economic development, and because their populations are small, they did not invite either Iraq or Yemen, which consider themselves gulf states in the greater geographic sense, to join them. This was due to the considerable difference in the degree and quality of their political, economic, and social development, and the size of their populations. The GCC states contented themselves with special relations with these two countries, embodied in supporting Iraq during its war with Iran, and assisting Yemen economically with considerable doses of aid.

Iraq's act of occupying Kuwait with the onset of the 1990's was received with varying degrees of support, or let us say nonopposition, from Yemen, which has united its northern and southern parts and which has so-called historical claims to Saudi territories, as well as from a number of other Arab countries in the east and in the Maghreb.

Added to this is the fact that numerous political parties and forces with various political inclinations and tendencies, beginning with the Islamists and ending with the nationalists and communists, supported the Iraqi act which, in the minds of some people, was a legitimate punishment for the arrogance of the oil wealth that is monopolized by the oil-well tribes that have turned into scattered states. To others, the act was tantamount to a legitimate historical liquidation of the Arab world's wealthy reactionaries who form an insurmountable obstacle in the face of Arab progress, development, and unity.

In this whirlwind, which has reshuffled the cards tragically and divided the entire Arab world into spotless white and gloomy black, depending on the nature of one's position and angle of vision, matters have not stopped with the conflicts between clashing Arab policies and regimes, but have extended to the individual Arab citizen throughout the Arab homeland.

The gulf citizen, even if opposed to his country's regime, felt that there are political, intellectual, and social tendencies and forces in the Arab world which deny him his rights and liberties as a human being, just because he belongs by birth to a rich gulf oil-producing country. On the other hand, the majority of citizens of the non-gulf countries came to believe that the gulf crisis had produced the golden opportunity to share the wealth, to get rid of, with a sudden stroke of luck, their powerlessness and poverty, and to avenge themselves for any humiliation to which they may have been exposed while working as hired labor in a gulf country.

This totally destructive distortion of the human values and behavior of the Arab citizen on both sides of the Gulf crisis is the most serious thing we, as governments, parties, and intellectuals, are facing currently and will face in the foreseeable future. This is what is incessantly generating these complex questions in the invisible "Arab identity," if we may use the phrase. We are afraid

to ask ourselves these questions openly. Consequently, we are dealing now with everything, except the gulf crisis and its consequences.

Some of these questions that are actively churning deep inside the gulf states and their citizens, at various levels and in various forms, are:

If we surrender our security to the Arab system anew, with all of its weakness and feebleness and the sharp divisions from which this system suffers which have been exposed by the gulf crisis and the deep-rooted hostility we face, not only against our existence as states but even as people, then what is the guarantee that the aggression will not reoccur?

It is true that Iraq has been weakened and is no longer capable of committing aggression. But how long will this condition last? It is inevitable that Iraq will regain its health and will try to avenge its defeat, even if the regime changes and Saddam Husayn is gone. The story of the revenge the Germans took for their defeat in World War I by launching World War II under Hitler's new leadership is still fresh in the annals of modern history.

Egypt and Syria did truly oppose, both politically and militarily, Iraq's invasion of Kuwait right from the start. But could they alone have liberated Kuwait and defeated the Iraqi occupation, with the participation of Gulf forces but without the U.S. force and the international alliance? If the gulf states are subjected to another aggression, be it Arab or non-Arab, will the Egyptian-Syrian-gulf alliance be able to repel and deter such aggression?

What if the conditions in Egypt, Syria, and the rest of the Arab world change, and their regimes and governments come under the control of forces and parties that have supported Iraq's act?

Iran has gained renewed strength in the gulf since Iraq's defeat. Consequently, it cannot be disregarded. But at the same time, Iran seeks, though more flexibly and adroitly, to dominate the gulf as a distinct geographic and political unit? How can the perils of cooperation with Iran and the perils of disregard for it be reconciled?

The Desert Storm war has been exorbitantly costly, not to mention that in the case of a new aggression, it is unlikely that an international alliance similar to the alliance led by the United States in 1990-1991 can be formed. How can the world powers, especially the United States in particular, be involved in gulf security arrangements with a permanent presence, but without this presence polarizing a counter Arab movement which shakes domestic stability and Arab stability as a whole?

There are questions on the other side too. For example:

What have we, Egypt and Syria particularly, gained from supporting, with all our might, Kuwait and the gulf states against Iraqi aggression?

After what has happened, will the gulf's concern for its security lead it to separate itself, with its wealth and position, from the Arab world and its causes, and to form with Iran and Turkey an independent and distinguished regional power?

What about the gulf states' participation in the Arab development process, especially in light of their emphasis of the fact that the cost of the war and rebuilding what was destroyed in the war has turned them into indebted countries suffering deficits in their balances?

There is evidence of the eruption of vengeful capacities in some gulf states and among their peoples against whoever is considered by their criterion a supporter of Iraqi aggression, such as the PLO. Consequently, what will these states' true positions be toward the Arab-Israeli conflict?

This is a sample of the questions which we must pull out and bring to the surface through frank, objective, honest, and sincere debate.

Without such intellectual and political conduct, we will continue to spin in a vicious circle, and to give predominance to the "brothers-enemies" axis over the "Arab brothers" axis in inter-Arab relations.

The simultaneously difficult and urgent task that needs to be accomplished today rather than tomorrow is the task of molding the "gulf phenomenon" with its various dimensions within the framework of a new Arab system.

But how?

### **Arabsat Reports Large Losses, Underutilization**

*91AE0592A London AL-SHARQ AL-AWSAT in Arabic  
16 Aug 91 p 10*

[Article by Salah Sindi: "Arabsat an Orphan Among Its Own as Losses Mount; Accumulated Debts of \$50 to 70 Million"]

[Text] The Arab Communications Foundation (Arabsat) has come back into the spotlight recently amid mounting signs of financial troubles it is facing due to its failure, even until now, to insure the economic operation of two already launched communications satellites due to slack demand to use them, even in Arab countries participating in the company, which supported the establishment of Arabsat from the first.

Fifteen years after its founding, the foundation still suffers from operating losses, as its earnings have not yet met the expectations of its founding. The foundation's management complains bitterly that most Arab countries still use foreign satellites even though Arabsat has pressed those countries to move to its satellite, considered by the firm's officials to "possess sufficient capacity to meet the needs of all member countries."

Use of Arabsat's two satellites has not exceeded 30 percent of their effective capacity.

In a statement to Agence France-Presse yesterday, a member of Arabsat's board of directors, Muhammad Hassan 'Umran in Abu Dhabi, said that "Arabsat is in debt, and that is no secret, but its debts are not as high as \$60-70 million dollars as some say." The estimates of engineers close to the organization, however, suggest that the debt had reached \$50 million. But Aerospatiale, the French company which built two satellites for Arabsat has already launched one and a third will be launched soon, had estimated the organization's debts three years ago at nearly \$70 million.

He mentioned that Arabsat had been founded in 1976 with a capital of \$168 million, and had 21 members, all Arab states. Arabsat launched its first satellite in 1985 on a French Ariane rocket. The second satellite was put in its own orbit by the American space shuttle Discovery the same year. The satellites cost about \$150 million, and the organization's expenditures since its founding have amounted to about \$280 million.

The principal financiers of the foundation, it should be mentioned, are Saudi Arabia, the United Arab Emirates, Kuwait, Qatar, and Libya.

The foundation has decided to launch a third satellite using a French Ariane rocket late this year or early next. The new satellite will provide additional new telephone lines and television channels. It will cover the Middle East region and North Africa.

China announced last February that it had succeeded in contracting to launch the third Arab satellite. However, China was unable to meet the contract provisions because of time delays and specifications of the launch itself.

The launch of the third Arab satellite in itself is considered a confused step among public companies in the field; Aerospatiale kept the Arab satellite for two years without launching it owing to their claims on the foundation for past sums. In the meantime, Arabsat signed a deal with China in 1989 then worth \$25 million, under which China would launch the third Arab satellite. But the United States intervened on the grounds that this deal violated a prior Sino-American agreement not to cut prices. Even so, Arabsat failed to obtain authorization to get the satellite out of French Aerospatiale's factories. Observers at that time believed that the Gulf war would block the rocket launch for once and for all.

If the third satellite is launched, as is expected by the end of this year, it will be the 93rd to be launched by 11-year-old Aerospatiale.

Arabsat's total expenditures since its founding have amounted to nearly \$280 million. In 1985, \$150 million of this was spent on launching two satellites which have not achieved the hoped for results.

'Umran, who is also the second man in "Ittisalat," the UAE's utility for telephone service, confirmed that only 30 percent of the two satellites' capacity was being used. The satellites, put into orbit on a European Ariane rocket and the American space shuttle Discovery, provide more than 16,000 telephone lines and simultaneous broadcasting capability for up to 20 television transmissions.

'Umran expressed his regret that some Arab countries used western satellites, saying, "Unfortunately, we see countries using foreign satellites at a time when the Arabsat system can, to a large extent, meet their needs."

An engineer working for "Ittisalat" believes that Arab countries prefer foreign satellites because they are dependable and have relatively moderate operating costs.

He also said while it was true that Arabsat was an Arab organization and should receive the support of the Arab countries, the economic crisis in a number of Arab countries, especially after the Gulf war, had made the organization's economic conditions even more difficult.

He revealed that Algeria was one of the countries still using the Intelsat system, instead of Arabsat, for its broadcasting.

On the other hand, some Arab countries such as Saudi Arabia, considered Arabsat's main financier, along with Oman, began to use the Arabsat system to exchange televised programming on a comprehensive basis.

On another front, 'Umran confirmed that technical arrangements to continue the two satellites' job in orbit were now being made. The organization's experts stress that Arabsat intends to lengthen the lifetime of the first generation of satellites until the end of this century.

## ALGERIA

### Officials Strive To Transform Economy

91AA0588A Paris LE MONDE in French  
6 Aug 91 pp 1, 12

[Article by Veronique Maurus, special correspondent in Algiers: "Algeria Shifts to a Free-Market Economy"; first paragraph is LE MONDE introduction]

[Text] A veritable revolution has transformed the country's economic structures, but the timing could not be worse.

Algiers—In his spacious office invaded by sunlight, Mr. Ben Mansour chain smokes. Running one of Algeria's national companies is no rest cure these days. Autonomy from the state was something Mr. Ben Mansour had hoped for, as a way out of an absurd system which, he says, functioned "at the command" of the various ministries with supervisory powers. "We went about our activities without counting every penny. Production was socially—not economically—oriented. Consideration

was given to whether social needs were being met: the creation of jobs, price ceilings, wage increases totally unrelated to productivity, etc."

But nowadays, all costs must be counted. In 1988, ENAG—the National Company of Graphic Arts that Mr. Ben Mansour heads—severed the umbilical cord that linked it to the ministries. Through his board of directors, he must now provide reports to a Participation Fund that is in charge of overseeing a portion of state-owned companies, applying classic criteria of profit making.

At ENAG, the figures would be normal or even largely in the black, were it not for the company's "colossal" long-term debt. Mr. Ben Mansour refuses to shoulder full responsibility for that debt. "Everyone benefited under the old system of management. The companies should not be the only ones to pay."

The constraints of the current environment also weigh heavily on the company. Because of a general scarcity of foreign currency, it cannot even repair its dilapidated machinery, much less make investments. Moreover, the market and prices are in a state of anarchy. But worst of all, the administrative and social burdens are enormous.

The banks, which previously served as little more than money tills, are beginning to take interest in the lives of companies. However, prevailing interest rates of 17 to 22 percent are unbearable and account statements are as uncertain as ever.

In a national context marked by unemployment, excessive levels of staffing continue to elude reduction for the most part. Even though collective lay-offs are theoretically permitted by law, "they have yet to take place at the large national companies."

Personnel are seriously lacking in skills: "It takes us four years to train an engineer who comes to us with a degree already in hand." Old ways of doing things continually weigh on labor relations: "People were scandalized at not being paid while on strike." Then there are the daily annoyances that are the common lot of all Algerians, but they seriously complicate the work of the company: a virtually useless telephone (not one of its 17 lines answers), faltering transportation, interruptions in water and power supply, scarcities, etc.

But Mr. Ben Mansour now enjoys "complete freedom to make decisions," which makes the venture worth pursuing. He is free to choose his clients, set his prices, negotiate directly with employees to establish salaries that vary according to skill levels, develop related activities to which excess personnel could be reassigned, and even sanction recalcitrant staff members. In short, he is finally free to manage the company. "I am fundamentally optimistic," he says. "The current period is as important as 1964 was. There is movement throughout society."

### **Abruptness of Change Unmatched by the Eastern World**

The old socialist model is dead and buried! With one reform after another, in less than three years Algeria has literally shattered all of the structures that once existed. A veritable free-market revolution has taken place even more abruptly than in the East, but because it was launched at a late date and in an unfavorable economic environment, it has gone largely unnoticed up to now, overshadowed by the rise of Islamism. And yet, not one sector—be it agriculture, industry, banking, foreign trade, or labor laws—has escaped the “legislative frenzy” of Prime Minister Mouloud Hamrouche’s government.

All observers acknowledge that the major reforms have already been enacted—at least on paper. (See inset below.) [not reproduced]. They remain to be made a reality and that is not the easiest of tasks, because the results thus far have not been conclusive, to say the least. “The Hamrouche government liberalized the economy with the fervor of a new convert, taking a rather painful approach. It tried to move too quickly and did not have luck on its side, which made the operation risky,” a businessman explains.

The overly abrupt transition caused panic at first. “No one could find his way through the deluge of legislation,” a company manager complained. Bad luck compounded matters: Most of the reforms were launched under the worst external conditions. Algeria found itself cornered by its debt-repayment deadlines at a time when it should have been investing in all fields so as to restore the health of companies, while boosting agriculture and oil production, eliminating scarcities and the unofficial market along with them, and repairing indispensable infrastructure, etc.

### **A Lack of Foreign Exchange**

Required to repay its creditors 8 billion dollars (or two-thirds of its export earnings) every year, the country had no choice but to reduce its imports to a bare minimum. The result was a cruel lack of foreign currency, which combined with the reforms to bring activity to an almost total standstill. “Since last year, we have been through everything: devaluation, taxes, reforms, and a decline in buying power. We hit bottom!” exclaimed Mrs. Sahraoui, spokeswoman for the CAP, the Algerian Employers’ Council, a private organization.

“The economy has ground to a halt because foreign currency is lacking,” the prime minister, Mr. Sid Ahmed Ghazali, acknowledges. “We are faced with a very, very, very serious situation.” Who would doubt it? Last year, despite unexpected oil profits that came with the Gulf war, economic growth (2.4 percent) did not keep pace with demographic growth (2.7 percent). Prices soared at an official inflation rate of 16.5 percent, but did not eliminate scarcities or the black market that represents more than one-third of commerce, judging by the amount of cash in circulation. Buying power fell 3 percent; unemployment (1.5 million or 23 percent of the

labor force) rose with the addition of 100,000 young people; and industrial output stagnated. What is worse, according to Mr. Ighilaziz who manages the economic bulletin ECOTECHNICS, investments further declined to about 10 billion dinars, less than one-fourth their level 10 years ago after taking inflation into account.<sup>1</sup> And, despite an exceptional harvest, 1991 is expected to be a catastrophic year.

Under these conditions, what would attract the indispensable foreign investment that is henceforth welcome? Although many projects have been approved by the Council of the Currency and Credit, not one has taken concrete form thus far, because of a lack of sufficiently clear rules (with regard to exchange rates in particular) as well as a lack of confidence. Peugeot, Rhone-Poulenc, Moulinex, Fiat, Daewoo, and others are willing to set up commercial subsidiaries to conduct sales in Algeria, if allowed to do so immediately. As for setting up manufacturing operations here, that is another matter....

The only solution is to carry out the reforms at all costs while trying to correct initial errors. “We must continue the process that was begun in 1988. We want continuity, not regression,” says the new minister of the economy, Mr. Hocine Benissad, “but we can already detect the weak points in the framework. For example, the framework aimed at encouraging foreign and domestic investment must be modified so as to be made more credible. We have begun a thorough consideration of the conditions for stimulating investment—currency risks, access to land, taxation, approval conditions, etc.”

At the same time, a persistent effort to revitalize the economy must be made. “Our basic aim is renewed production and investment,” the minister added, “and to accomplish that, additional resources are required. Merely reshaping the debt will not solve the fundamental problem.” Hence the idea of putting oil—the country’s main resource—to use by reopening the large oil fields to foreign companies.

### **Revolutionary Candor**

“I am prepared to sell 25 percent of Hassi-Messaoud, if necessary.” That brief announcement by the prime minister had the effect of a bombshell. It was an intentionally provocative statement aimed at raising awareness. “Ghozali used drastic medicine. When you say that you are ready to sell off your furniture, people will believe that your financial troubles are real,” says an observer. But the provocation was also aimed at finding a real solution to the economy’s liquidity problems. On Sunday, 4 August, the minister of the economy, Mr. Nordine Ait-Laoussine, confirmed that an international call for bids would be issued in October. As Mr. Benissad explains, “Oil is one of the sinews of war. We want to use these resources to move from an economy oriented toward guaranteed income to an economy oriented toward work. The transition is under way. There is universal agreement. No major party questions the need for the reforms. Like the eastern countries, we have

problems of all sorts, but we have something they do not have: oil. It must be used. This is the return of realism—no more than that!"

The candor is revolutionary after 30 years of rhetoric, but so far it has failed to reach its audience. Mr. Ghazali can say and do whatever he likes; he can call for an easing of tensions or he can challenge taboos, but Algerians are barely listening. Disgusted by 25 years of negligence and undue privileges, they now believe only what they see, and they are seeing an increasingly painful economic crisis that has turned day-to-day life into an unbearable procession of deprivations, shortages, and breakdowns. The economic situation is such that, for want of housing, they are forced to live eight persons to a room measuring 12 square meters (the national average!). In some neighborhoods of the capital, a bed is shared and sleep is taken in turns. The economic situation has drained the hopes of young people (60 percent of the population). Every year, three-fourths of them fail the final high school examination; excluded from the system, they join the ranks of the 849,000 unemployed under the age of 30.

The economic crisis is all the more frustrating in that eight million Algerians (one in three) have access to all of France's television channels thanks to fast-selling dish antennas and feast their eyes daily on the attractions of an affluent society. The average salary is no more than 3,500 dinars, while a kilo of chicken costs 200, a pair of jeans or tennis shoes 400, a stereo system 6,000, and a car several hundred thousand. They are unaffordable to most people, who survive solely on subsidized basics: semolina, bread, milk, oil, and tea.

There remains the possibility—"the last hope before chaos sets it" according to a European businessman—that the Ghazali government's bid to "ease tensions" will succeed in the wake of the total rout of the FLN [National Liberation Front] and the Islamists' disorganization, and that liberalization will finally bear fruit. It must happen quickly, very quickly. "I cannot wait three or four years," says the prime minister. Perhaps with help from oil, or international aid. Despite the prevailing disenchantment, encouraging signs are beginning to appear everywhere.

The best example is the press which, in spite of economic doldrums, has expanded by at least 30 new periodicals in two years, and some of them have achieved considerable success: AL WATAN, launched in October 1990 by 20 or so dissidents from the highly official EL MOUDJAHID, is already printing 130,000 copies, not far behind the former "party newspaper" (170,000 copies). Another favorable sign is that the IMF recently came to the country's rescue. "The International Monetary Fund is willing to take any number of risks with Algeria because we have confidence in this country that has a great future," said the IMF's managing director, Mr. Michel Camdessus, upon arrival in Algiers on 27 July. He went on to add: "The international community may seem

hesitant at the moment, but it will eventually come to recognize the courage of Algeria's reforms."

#### Footnote

1. One French franc is worth three dinars.

#### French Sources Discuss TOTAL-SONATRACH Deal

91AA0577A London AL-SHARQ AL-AWSAT in Arabic  
1 Aug 91 p 9

[Article by 'Uqbah 'Ali al-Salih from Paris: "Informed French Sources Tell AL-SHARQ AL-AWSAT: 'French Loans to Algeria Are Part of a Broad Deal That Involves Cementing the Oil Partnership between TOTAL and SONATRACH'"]

[Text] Informed sources in the oil business told AL-SHARQ AL-AWSAT that the loans which Algeria received recently from France were directly related to negotiations between TOTAL, the French oil company, and SONATRACH, Algeria's oil company, about increasing production at the Hassi Messaoud oil field. These sources added that negotiations between the two companies had hinged on the "financial compensation" Algeria was seeking for the agreement it signed with TOTAL. According to these sources this "financial compensation" will come in two main forms. On the one hand, TOTAL will make direct industrial investments in Algeria valued possibly at more than \$5 billion. On the other hand, it might pay off some of Algeria's debts to France. The second point was more difficult because Algeria wanted more than \$1.5 billion of its total \$25 billion foreign debt paid off. That pay-off would allow Algeria to finance new purchases.

A "government" solution was approved because Algeria wanted to receive this "financial compensation" quickly. France increased the amount of its "renewable" loan from three to four billion francs (approximately \$700 million), and Algeria has already used about two billion francs of this loan. In addition, France revived a group of previous loans, including one loan for one billion francs that was signed in 1989 to purchase French automobiles; one loan for 300 million francs to purchase spare parts; and another loan for 100 million francs to encourage investments in Algeria by French firms.

The sources added that when Pierre Beregovoy, France's minister of economy and finance, returned from Algeria on Tuesday, he did not link the "Hassi Messaoud" case with the "debt" case. The fact that he did talk about these two subjects, however, was no coincidence. His main goal in doing that was to encourage French firms to invest in Algeria.

Applying a policy of making statements which would have an emotional effect on people to encourage foreign investments in Algeria led to misunderstanding, misinterpretation, and confusion. The ultimate result of such

a policy, according to one observer, could be the opposite of its intended goal. The statements that Beregovoy made on Tuesday were statements about progress in the negotiations between TOTAL, the French oil company, and SONATRACH, Algeria's oil company, over the Hassi Messaoud oil field, the most important oil field in Algeria. Beregovoy's statements followed statements made by Mr. Ahmed Ghazali, Algeria's prime minister, about the possible sale of one-fourth of the Hassi Messaoud oil field to solve the foreign debt problem that has the country's economy in a stranglehold. When these statements were misunderstood and taken literally, Ghazali had to retract them.

According to information obtained from numerous sources by AL-SHARQ AL-AWSAT, the signed agreement about Hassi Messaoud is part of a general agreement which TOTAL signed with Algeria last spring, that is, before Ghazali became prime minister. It covers several different areas, most importantly, drilling for oil and investing in new fields, and it also covers, for instance, the license that TOTAL received in Merkesen field. The general agreement also covers the development of other fields along the lines found in the agreement signed between TOTAL and SONATRACH for developing the al-Hamra field. This agreement enabled the French company to purchase the field's entire production of condensates and oil gas, that is, oil vapor, which is different from natural gas. In return, TOTAL pledged \$3 billion in investments. The general agreement also includes developing the petrochemical industries. In that regard, TOTAL signed an agreement last 12 July with SONATRACH and the Italian firm, ENI, to build an MTBE production unit in Arzew. MTBE is a substance which is used in the production of lead-free gasoline.

The general agreement covers construction of lines for liquefying Algerian gas, and it also covers assistance to Algeria to help it purchase a number of gas tankers. That aspect of the agreement, however, remains the only one about which no agreements have been signed. "These matters have not been discussed yet," said the director of public relations in the French firm when she talked with AL-SHARQ AL-AWSAT, "because it would be difficult to discuss all matters at once." She then added, "This matter will be the subject of subsequent discussions."

In the area of marketing natural gas, TOTAL joined Gaz de France, a firm owned by the French government, and other partners in obtaining contracts to build terminals in Portugal where liquefied gas will be received. Portugal had signed an agreement with Algeria to import gas from that country for a long period of time.

With regard to Hassi Messaoud, according to TOTAL officials, the matter has "absolutely nothing to do with purchasing a part of this field." These officials told AL-SHARQ AL-AWSAT further, "Replacing SONATRACH is absolutely not our aim. Quite the contrary. Our aim is to help SONATRACH and to share with it the use of new technology which it does not have.

Our aim is to increase SONATRACH's capacity of getting oil out of that field by increasing the amount of oil which can be recovered from it. Hassi Messaoud oil field, which is characterized by flat surfaces and shallow depths, has numerous oil pockets which cannot be utilized by using traditional technology. This oil field requires horizontal drilling technology, or materials have to be pumped into it to raise the level of oil in the field so that it can be recovered from the field. This means that increasing production will not mean pumping more oil out of the ground but rather recovering from the ground oil which SONATRACH cannot reach with the technology which is available to it. That is why a secondary drilling company (Work Over), which is jointly owned by TOTAL and SONATRACH was established. Its function will not be limited to the Hassi Messaoud field, but it will cover all oil fields in Algeria.

It is not unlikely that in some respects the agreement over Hassi Messaoud will turn out to be similar to what happened with Hamra field. The fact that TOTAL acquired a long-term right to purchase part of the reserves in that field or some of the derivatives obtained from these reserves, such as condensates and oil gas, means that it is buying oil reserves and not production rights. Some sources believe that over a period of more than 10 years the value of this deal may be approximately \$7 billion.

Sources who are oil industry experts view the agreements between TOTAL and Algeria as something new in the relationship between companies and oil producing countries. Algeria is getting several important benefits by virtue of these agreements. It is being guaranteed, on the one hand, that the oil it produces will be sold for a long period of time, and it is receiving funds, on the other hand, that will enable it to increase oil production without having to borrow from the market. Third, these agreements which are made with participating companies, ensure the transfer of technology and the fitness and suitability of Algerian cadres. Finally, Algeria will be able to develop its petrochemical industry very rapidly despite the fact that these industries need tremendous financial investments.

Finally, it is worth noting that the Italian firm, ENI, signed an agreement with Algeria two days ago to increase its activity in the area of extracting natural gas.

### **Passenger Traffic Decreases at Major Ports**

*91AA0537A Algiers EL MOUDJAHID in French  
30 Jun 91 p 5*

[Article by Amar Aouimer: "How To Pull Ourselves Up to International Levels?"]

[Text] An analysis of the main figures for port traffic during 1990 discloses weak results. For instance, the number of ships using Algerian ports totaled over 7,700, while the tons of merchandise have been growing continuously. However, the number of travelers declined by about 19.5 percent.

In the area of port development, two important events occurred during 1990 and the first quarter of 1991, i.e., promulgation of the decree approving an agreement to finance container terminals at the ports of Algiers, Oran, and Annaba, and the forthcoming opening of commerce at Djendjen port.

Mr. Regainia Ghazi, director of ports at the Ministry of Transportation, had the following to say: "The first project for container terminals in Algiers, Oran, and Annaba is a project valued at about 1 million Algerian dinars; the foreign currency portion of it is financed by the International Bank for Reconstruction and Development (IBRD) to the tune of \$63 million."

Mr. Regainia added that: "This project is going to enable Algerian ports to reach the level of Mediterranean and international ports that handle containers, the most widespread packaging method used throughout the world today."

The use of containers will make it possible to lower the transit costs of port traffic and to protect merchandise better. The most important advantage lies in the opportunity it gives to exports other than hydrocarbons to compete on the foreign market.

- The port of Djen-Djen with a 4.4-million-ton capacity will alleviate the pressure on other port facilities.

Regarding the expansion of national port capacity, the director of ports said that the forthcoming inauguration of the Djen-Djen port will considerably lighten pressure currently exerted on national port capacity in general, and especially on the country's eastern ports.

Djen-Djen port, which has a capacity of about 4.4 million tons a year, is one of the most modern ports in the region. It can handle large vessels at relatively low freight charges. "Djen-Djen" also has a railway line with a capacity of 8 million tons a year, and this will help substantially to reduce road traffic and to alleviate the demand for truck parking, and make it possible to use an infrastructure that, from the standpoint of cost, is the most competitive with roads."

In 1990, normal port traffic recorded a 5.6-percent increase over 1989. In fact, for 1990, total traffic in goods amounted to 83.4 million tons, for an increase of 3 million over 1989. This increase resulted primarily from the traffic in hydrocarbons, which went from 63.3 million tons in 1989 to 66.8 million in 1990.

For the first quarter of 1991, this trend was sustained, and traffic of 20.5 million tons was estimated during this period, higher than the tonnage for the same period of the preceding year.

- The number of ships using national ports was 7,726.

During 1990, 7,726 ships called at national ports of commerce, as compared to 7,947 during the previous fiscal year, for a decrease of 221 units or 2.8 percent. The

gross tonnage of ships entering national ports went from 84.1 million tons in 1989 to 86.9 million in 1990, for a 3.3-percent rise.

As for the average gross tonnage per entering ship, it went from 10,582 to 11,244 between 1989 and 1990. This increase is accounted for primarily by heavy-tonnage ships that put in at the oil ports of Arzew and Skikda.

- During the past year, 83,386,120 tons of merchandise of all kinds passed through our ports, for an increase of 3.76 percent over 1989.

As for traffic in goods, 83,386,120 tons of merchandise of all kinds came through all our commercial ports in 1990, as compared to 80,365,406 tons in 1989.

Hydrocarbons accounted for the predominant share of over 80 percent of total traffic. The development of overall traffic affected only certain products shipped, and especially hydrocarbons shipped out of Arzew and Skikda ports.

In 1990, 17.5 million tons of merchandise were unloaded, compared to 18.3 million tons in 1989, for a 4.2-percent decrease.

This reduction had to do with oil products, that showed a 16-percent decline, and to certain products other than hydrocarbons.

In 1990 the volume of these latter products unloaded at Algerian ports declined slightly by about 1.8 percent, from 15.2 million tons in 1989 to 14.9 million in 1990.

On the other hand, relatively large increases were recorded for the following products: foodstuffs +3 percent; minerals and waste for metalworking + 45.4 percent; and cement +4 percent.

As for statistics for traffic according to the packaging method, the import trend was dominated by miscellaneous merchandise, that accounted for 43.2 percent of the total. However, it declined by 3.7 percent in comparison with 1989.

Finally, with regard to passenger traffic, the number of travelers went from 468,846 in 1989 to 377,561 in 1990. This downward trend began in 1989 (-6 percent), and became more pronounced in 1990, when it was recorded at 19.5 percent less than the previous year.

The five maritime terminals recorded decreases in passenger traffic. The most significant reductions were at the ports of Annaba, at 52.7 percent, and Skikda, at 30.9 percent, while the terminals of Algiers and Oran received 83.5 percent of this traffic.

## IRAQ

**Saddam Addresses People of Dhu Qar on Future***91AE0569A Baghdad AL-IRAQ in Arabic 16 Jul 91 p 3*

[Speech by President Saddam Husayn to people of Dhu Qar on 14 July 1991: "Let Us Trust in God; If God Wills, the Future Is Wide Open"]

[Text] May God salute the people of Dhu Qar!

All who have come to this place know that in life, in the world, and between men many things happen. When, God forbid, a breach or gap occurs at some time, in some position, or at some place not pleasing to history, the good history continues. The good people are you, the elders of the tribes, the notables, the men of religion. This is the people, for the people are in whoever represents them. Every virtuous person represents us all, whether he be in Dhu Qar, in al-Ta'mim, in Salah-al-Din, or in al-Najaf. Every virtuous person, that is, represents all Iraq. For I have not seen a single one of you—far be it from you to do so—speak about something objectionable in history and boast of it either in your poetry, or in your prose or songs, or in your attitudes.

Everything you say, everything you cite from history, and everything you talk about and want people to imitate are noble attitudes. You talk about good things. When a man of religion wants to cite something, he cites things that make a person an exemplar of a good stance. When he wants to warn, he does it by citing the example of past people who took a bad stance, so that God became angry with them and aided the good people against them.

This then is the right attitude, that we should build upon the good people. Our goal is the noble aim. As for the bad attitude, we try to advise and guide the person who holds it. If he does not follow the advice and guidance and insists on his position, he goes his way and we go ours, and our course separates. God Almighty has taught us that when we are afflicted by something and think that it does not benefit us, we must reject it. For God, may He be praised, cast down Satan; even though He had cursed him, He cast him down to the earth with Adam and Eve; and since that time the struggle between good and evil has continued. Whenever God commissioned a chosen person as messenger, the messenger went before the ranks and was their model in the struggle to confront evil, so that good might prevail. However, when God said that Muhammad was the last of the prophets and apostles, He thereby wanted man to rely on himself, so that He might augment the factors for good to confront Satan and those rallied behind him.

Before that date, prophets and messengers used to go before people to confront Satan from the battle line of good, and those who were virtuous and faithful would rally behind them. On the other side, Satan would stand at the head of those who rallied behind him to represent the other battle line, that of evil. Thus we see how great

an honor God granted to righteous believers after He ordained that Muhammad was the last prophet and apostle and the Koran the last of the heavenly books.

In this way responsibility for the good traits that God wants or to which virtuous men aspire according to their human condition has been transferred from the figure of a messenger and prophet. The burden of bearing these traits has become part of the responsibility of all virtuous elements. It has been distributed among them, and they have divided it among themselves, each according to what God gives him and according to his faith, position, and conduct. Thus they embody the great role of transmitting principles and values, and they are the model that goes before the ranks after the departure of the messengers and prophets.

Such is the great degree of honor with which God has honored all believing people and humanity.

When God honored mankind in this way, he in fact placed on its shoulders a higher burden than had been its responsibility in the age of prophets and messengers. The leaders used to be the prophets and messengers. They attended to affairs with people; they used to say to them, "Do this, and avoid this." Now, however, the ideals enunciated in God's noble Book are the leader, along with the good values we deduce from the current human situation in accordance with the course of mankind wherever we are.

Based on these values and this historic course, we must not be surprised when evildoers appear in our ranks, although we hope they will not appear even in numbers small enough to be counted on the fingers of one hand. Yet we must thank God for what He wills. So we build on the good, on the good attitude, on good men, on people who feel sorrow and annoyance when a slip occurs and try to correct the slip by solidarity.

Good men provide the model for Iraqis at the level of men; good women provide it at the level of women. Such women are the model for all Iraqi women. Even women who find that their selves are incomplete measured against the model always strive inwardly toward virtue and always desire the condition of the model. They are never content with a lower condition on the scale of traits.

What events do you cite as examples now? You cite the Englishman you confronted and whose gun you took at al-Mikwar and the English officer you repaid at al-Falah. Not a single one of you cited the position of any group that took sides with the Persians—even in the Battle of Dhu Qar. Isn't that true? Even in the Battle of Dhu Qar there were those who stood on the side of the Persians. Yet when we enumerate them, we curse their names. We never enumerate them to create an alternative to the example that the Bedouin Arab knights created over 1,400 years ago. We pass by the episode of weakness with curses; we pass it by in favor of the episode of strength,

to draw inspiration instead from the stances taken by the good and virtuous. The history of Dhu Qar is this stance of yours. That is all.

We mention anything else merely to learn a lesson and because God has nurtured us and taught us that forgiveness is good. Therefore all the men present in this place can grant protection to anyone they believe they should protect.

They are entitled to do it and to promise him that they will protect him from the law despite his position. For they, standing in our stead, can do it.

(Responding to what one of those present mentioned, the president said: "History will assign you a status that it can assign to no nation but yours.")

My brothers, the important thing is that each of us should look well to himself. Let the present not distract us from the past or from the future. Every one should speak to his children and brothers, to his neighbors, to those near and far—should explain to them. We want history to record something great for you. It grieves us to have it record something bad against you. Therefore the slips, the lapses, and the gaps become insignificant; the losses and casualties become insignificant; for the baseness that happened caused us to lose a great deal.

We still stumble upon mass graves where innocent people were murdered in a way no one expected or imagined. No man possessing a minimum of morality could do this; that is certain. But as I said and repeat, every zealous patriot hopes that history will avert its eyes when it peruses this page of conspiracy—the page of rabble and hirelings. Let history continue to look only at your great and noble path whereby God Almighty has honored you.

I say that the treason of the [pseudoprophet] Musaylim against Islam could not obscure the light of Islam. It could not efface the exalted signposts of stands taken by the believers. Your sacrifices were not the martyrs—may God compass them about with his wide mercy—who were mentioned today in the poetry of poets; rather the martyrs are from your sons in the armed forces. They are also numbered among your sacrifices. He who liberated Dhu Qar liberated it by the sword of Dhu Qar and by nothing else, and it is He who undertakes to save good people from the crimes of the band who wronged themselves and the good people of Dhu Qar.

As the men advanced, they remembered and did not forget that the first letter that taught humanity writing was from there. They remembered the swords of the people of Dhu Qar deep in this history. They remembered how the men of Dhu Qar took their stand at al-Qadisiyah and how the people of Dhu Qar, children and women, supported the men who were bearing arms on the line of confrontation. They remembered all this, and therefore their hearts were full of faith that they were striking with the sword of the good wherever they happened to be, whether in the depths of al-Ahwaz in

Dhu Qar to the remotest spot in Dhu Qar, from the city to every part of the countryside.

I understand certain allusions that occur in the words of poets and preachers when they hint at an apology for a case of weakness.

Oversight, uncertainty, and blurring of colors sometimes occur in difficult circumstances. At the time when Muhammad the son of 'Abdallah (may God's blessings be upon him) was leading the Muslims, the Muslims lit upon difficult circumstances; so much so that some of them began to lose faith in God, and their hearts were in their throats from the pressure of events. Given the pressure of past events, it was to be expected as a first experience of this type. It is certainly not a case that has occurred only with the Iraqis. I say it was expected that this oversight would occur, that the feet of some would slip from their place. I am repeating certain expressions even though I do not like repetition, but I think certain terms are best because Iraqis know their meaning. I sometimes want Iraqis to comprehend certain things, especially when we talk about the side that we did not want to happen.

So the good attitude is your attitude, from this stance of yours and the promise you made to yourselves, to the position of the brave, faithful soldier who fought against evil. This is your position. It is the position of us Iraqis wherever we are.

I ask now whether—God forbid—the same thing could happen and the same result come of it. The answer is no. The likes of what happened shall not happen or take place again after today.

So the whole case is over. Let us bury it all. What we must highlight is this great glory—these great, noble stands you took. Moreover, your history was never linked to a bad, objectionable episode. Your history was linked to this deep goodness from the first day of the siege—from the time Iraq was subjected to attack until this moment.

Let us trust in God. If God wills, the future is wide open before you. God will deter the evildoers wherever and whoever they are—masters or henchmen. If God wills, He will deter them. He will not blunt your sword; He will keep the heads of your men and women raised high in strength.

Swords cannot be carried without swordbelts. Glory to you and to the Iraqis who are pleased with the good man! You are up to every task.

May God protect you, your honor, and your country. May He open the gates wide to you in everything that will increase your strength and well-being. May He increase your stability, peace, and security.

Peace be upon you and God's mercy and blessings!

### Children Travel to Germany for Medical Treatment

*JN3007093191 Baghdad INA in Arabic 0811 GMT  
30 Jul 91*

[Text] Twenty-two children and youths, who were seriously injured in the savage American-Zionist-Atlantic aggression on residential areas in Baghdad and the governorates, left for Germany today.

These children suffered serious injuries which cannot be treated in Iraq, such as fractures of various parts of the body, third-degree burns, paralysis, loss of limbs, and loss of sight.

Dr. Kamal Fakhuri, representative of a number of Arab and German nongovernmental humanitarian organizations supervising the treatment of these patients, told INA that these organizations have undertaken to treat the injured children in order to help these innocent people and to protest the effects of the war waged by the United States and its allies, represented by the tragedy of the Iraqi children.

He said that the organizations he represents are nongovernmental humanitarian organizations. They have performed many activities since the beginning of the war, including various media activities in Germany, which portray through pictures and films, the tragic medical situation of children in Iraq due to the war and the oppressive economic siege, including the huge shortages in food, medicines, and other humanitarian needs.

He said that the Halem Hospital [name as received] in Germany and a student organization in Berlin on 9 July took the initiative to host 11 Iraqi children, victims of the war waged by the United States and its allies on Iraq. These children are now undergoing medical treatment in German hospitals.

Dr. Fakhuri said these humanitarian organizations will soon be selecting new cases of injured children to receive treatment.

### Industry Minister Warns of Dangers in Medicine Shortage

*JN0408154591 Baghdad INA in Arabic 1426 GMT  
4 Aug 91*

[Text] Minister of Industry and Minerals 'Amir Hamudi al-Sa'di has appealed to humanitarian organizations in the world to act responsibly toward the danger entailed in the medicine shortage Iraq is suffering, and to work to lift the unjust blockade that basically targets children and women.

Inspecting today the production of the factories of the State Enterprise for Pharmaceutical and Medical Supplies in Samarra', Salah-al-Din Governorate, Mr. al-Sa'di warned about the seriousness of stoppages in Iraqi installations specialized in the production of medical

supplies as a result of the continued economic blockade on the people of Iraq by the states of the American-Zionist-Atlantic aggression.

He noted that the enterprise's factories suffer from a shortage of raw materials required in the production of medicine, and that this has led to a 15-percent drop in the factories' overall capacity.

### Ten Telephone Lines With Jordan Said Functioning

*JN0508111691 Baghdad INA in Arabic 1100 GMT  
5 Aug 91*

[Text] Iraq has resumed its direct telephone lines with Jordan.

The manager of the General Establishment for Postal Service and Telecommunications told INA that 10 direct telephone lines have been established for these purposes. Efforts are being made to raise this number to 20 lines and meet the needs of the citizens.

### Role Of Universities, Reform Discussed

*91AE0547B Baghdad AL-THAWRAH in Arabic  
11 Jul 91 p 13*

[Article by Hani Ilyas Khudur al-Hadithi, School of Political Science, Baghdad University: "The University: Between Reality and Ambition"]

[Text] The university has played and is still playing an effective leadership role in civilized societies in view of its position as the highest academic and advisory institution for political decision makers, as well as for various other fields. Therefore, the amount of care and attention the university gets reflects the level of progress a society has attained. Accordingly, all countries seek to accord the university their primary attention, including the preservation of its social status and that of its professors, by taking an interest in academic and practical methods to retain its faculty. This is done by allocating special budgets for research and development and by supporting society with qualified and reliable faculties.

The party and revolutionary leadership in Iraq, President Saddam Husayn in particular, have made rapid and sincere efforts toward realizing many of the aforementioned goals. However, the higher education process is still plagued by some gaps, and we feel that we must do our share to diagnose them and prescribe remedies for them to lead this vital field to the lofty purpose we aspire for it within the future we seek to attain for our beloved country. Consequently, we hope that our contribution will be a positive one, as part of the council of ministers' march toward realizing a universal national program which includes a new academic program to determine the future of the academic movement in the country.

### I. Admission

Iraqi universities have been pursuing a broad policy of open admission for preparatory school graduates, a system that has become incongruent with their accommodation capacity in terms of material resources, specialized faculties, number of available seats, and other considerations. Inasmuch as this has had a negative impact on actual academic standards, it has, on the other hand, created a broad demand for specific choices, thus robbing the great majority of students of the chance to select the fields they would like to major in for undergraduate studies. Thus, students have lost their desire to choose at the same time that universities have been burdened with throngs of students who are not necessarily qualified for advanced studies. This situation has been exacerbated by the fact that the number of college graduates is dozens of times, indeed, hundreds of times, higher than the requisite academic manpower, which means wide unemployment for undergraduates. In light of this, limiting study to a number of students based on academic criteria that consider the country's needs and the accommodation capacity of colleges and institutes will essentially create opportunities for good students to enter the universities that will be coupled with greater opportunities for getting the desired courses, in view of less competition for specialization and university admission. The result of all this would be a higher academic standard that must be emphasized to all colleges, including those with special admission, which must not be a refuge for poor students. This matter calls for a reexamination of evening classes in some colleges, in terms of acceptable quality and quantity.

### II. Graduate Admission

Despite efforts aimed at developing the curricula, admission to graduate studies—master's and doctorate degrees—have remained focused on traditional courses. But these efforts themselves need continual review, because they seek to make changes in academic structures that have been in place for a long time, during which specific systems were adopted, such as attempts to replace the British system with the French system and the institution of the double-diploma system in place of the master's degree.

Even though the debate is still going on about which of the two systems is better, we can establish the following:

- Higher education directives established by the Ministry of Higher Education give the academic departments the right to nominate holders of master's degrees for doctoral studies without going through a preparatory year. However, academic departments in colleges and universities are still determined not to implement this provision under pretexts and justifications that do not serve the objective academic logic applied to world universities, especially since the preparatory year in doctoral studies is superfluous and not recognized by many world academic systems. Imagine what situation a university professor, with

vast academic and teaching experience that allowed him to attain titles qualifying him to teach and manage graduate students, would be in when he is forced to go through the preparatory year if he decides to go for a doctorate. If academic institutions at universities sometimes argue that the system is an integral unity that cannot be broken up, is it academically and objectively sound to neglect the aforementioned objective cases without making provisions for them under the law which is supposed to be advanced?

- In cases where students apply for graduate studies, they sometimes face circumstances that compel them to take some time away from their studies, as is the case in various world universities where students have the right to inform the concerned university of their wish to take off a year while retaining all their rights. In other words, they are not required to reapply with the rest of the applicants for the following school year in which they would be tested along with them, as if their previous year did not exist. That is why we believe that students accepted for graduate studies must be given the right to take time off from their studies, replacing them with applicants on the waiting list.
- University graduates who study at Iraqi universities, their hard work notwithstanding, are not qualified to use foreign academic sources or to master a foreign language, thus the need to adhere to the student's right to enroll in a language institute abroad under the sponsorship of the university or the ministry with a view to developing their proficiency in one of the aforementioned languages. This must be established as a basic condition and a mandatory requirement of Iraqis with graduate degrees, especially those intending to teach at Iraqi universities. Bear in mind that last year the Ministry of Higher Education issued two decisions pertaining to doctoral students going abroad for language studies, but these decisions have not yet been implemented.
- Universities have adopted the principle of "intellectual integrity of dissertations," especially in the humanities' departments, with a view to documenting the validity of such dissertations. Reality, however, shows that this principle has lost its substance, retaining only its superficial aspect that is based on the nature of the relationship the candidate has with his mentor. This is not to mention the fact that some mentors impose on the candidates opinions that may come under the category of personal judgement, which neglects to ascertain the objectivity and impartiality of the data. Therefore, we deem it appropriate to review this subject in light of a scientific study of this experience in past years.

### III. University Professors

Through the impact they leave on all aspects of life, be it through their cooperation with institutions that need their expertise and counsel or via their students, who carry their message to their various and numerous fields

of endeavor, university professors represent the dynamo of academic activity, not only at the university level, but at all the various developmental and scholarship levels as well. Therefore, taking care of them is one government duty that ought not to be neglected, a duty fulfilled in a number of world countries, be they advanced or backward, seeking to elevate themselves to better standards through growth and development, a process that uses learning as a basis for achieving a balance among the various fields of economic, social, and political development.

In order for university professors to fulfill their role the best way they can, they need to operate under the right material and moral circumstances that allow them to devote their full attention to the advancement of the collegiate institution for which they work, something which, among other things, calls for the following:

- The procurement of magazines, books, and academic sources in the different live languages that professors use in conducting and developing their academic research.
- The organization of the loan program and the conclusion of contracts with universities with a view to maintaining interaction and the exchange of experience and expertise, and making good use of state-of-the-art learning and teaching methods, both in terms of their natural and their human approaches. This matter, first and foremost, calls for giving professors the opportunity to organize their aforementioned academic activities as they see fit in coordination with the competent departments, without being restrained by the will of any specific higher education departments because this often leads to compliance with a set of superficial measures which, at times, may be far from logical. The implementation of this vital point does not mean, of course, that the matter should go unchecked. Rather, competent higher education and university department ought to take charge of their organization in such a way as not to leave any negative impact on the activities of academic institutions in Iraq.
- According serious attention to the professors' living and material standards in terms of securing them housing and a decent standard of living, and giving them priority in the procurement of other necessities, as is the case in other countries. We have to mention, at this point, that the party and revolutionary leadership has adopted a set of measures in this direction, such as the enactment in 1975 of the merit law and the president's decision to offer university professors honoraria by designating for them residential apartments on Haifa Street, not to mention the right of university professors in the provinces to acquire a free plot of land. These measures, however, were transitory. In other words, some people benefitted from them when the resolution was issued, while others were kept waiting for their turn. Since the competent body in the Ministry of Higher Education did not bother to follow up those resolutions to convert them

into law or fixed courses of action to benefit all instructors who were not included in those resolutions, either because they did not satisfy all the requirements at that time or because they joined the university at a later date, the aforementioned measures became temporary, benefitting some who were in a position to take advantage of them, and overlooking those who have to wait, especially since subsequent government measures failed to accord university professors any kind of attention to help them attain a stable and secure life. In addition to the above, university professors get allowances (120 percent) for devoting their full time to the university, but Ministry of Finance directives considered this percentage based on the lowest nominal wage level that used to be in effect, which is odd, since the nominal wage has been incorporated to make a professor's earnings commensurate with his academic degree and practical experience in government agencies, not to mention the salary ceiling. In other words, inflation and changes in the Iraqi economy make it necessary to review the way allowances are computed, and to base such computations on the overall rather than nominal wage. Furthermore, it is essential to reconsider the matter of taking allowances away from university professors who decide to further their education, like master's degree holders going for a doctorate, because discontinuation of allowances looks like a punishment, instead of keeping them as an incentive for those wishing to continue their education. If the excuse is that allowances are contingent on full-time employment, they can be replaced by a lump sum incentive award.

- Sending instructors abroad on a mandatory vacation during the summer break to visit foreign countries to implement a special multi-purpose program, including the development of language skills and keeping pace with state-of-the-art advancements to be applied the following year. Here I would like to cite what the president said at Mosul University in the mid-seventies, when the university's professors expressed their willingness to devote their summer vacation to their work. He stated a marvelous objective fact that summer vacation was not designated for extra work and duties, but rather for rest. Accordingly, universities and the Ministry of Higher Education ought to use it to send professors abroad to foreign countries or keep pace on the latest innovations and information. It is noteworthy that some countries, such as Australia, Japan, and others, have given incentives to professors who spend their sabbaticals abroad by paying their travel and other expenses.
- Since a large percentage of Iraqi university professors are graduates of Iraqi universities, most of them do not have the chance to advance their foreign-language skills. Hence, competent institutions are burdened with the task of upgrading their faculties through a mandatory program that is carried out in conjunction with foreign-language institutions in foreign countries, aimed at giving faculties an opportunity to acquire knowledge from foreign sources.

- Devoting attention to the important issue of giving graduates of local universities and instructors the same benefits accorded graduates from foreign universities.

#### IV. Research Centers

Iraq has a number of academic research centers within its universities that are still in need of organization in which their facilities, their contacts with foreign institutions, their research staff management, the availability of academic research tools and requirements, and other such matters are regulated by law.

The problem that is worthy of attention here is the fact that these research centers are hampered by the aforementioned negativism that lead to their closure by orders that fail to consider other alternatives aimed at identifying their major problems. Among the issues worth mentioning here are:

- Upgrading the academic standards of research center staff through the measures mentioned in the section about university professors.
- Giving research centers the authority to talk to their counterparts in other countries to give them flexibility in exchange and loan contracts, in the granting of fellowships, and in the wide-range implementation of cultural and academic exchange programs. This is done in light of a reexamination of the centers' administrative structures and jurisdictions.
- Regulating the relationship between academic research centers and state institutions that benefit from their research, using a variety of ways to communicate to them the state institutions' needs, so that they may incorporate such needs in their research. For example, the International Studies Center of the School of Political Science turns into a beehive of academic activity when the Foreign and the Information Ministries and the competent state institutions coordinate with it directly. Furthermore, by tasking these academic research centers with studies and research, these institutions save themselves the trouble of establishing their own research centers. This process is followed in most countries of the world.
- According special attention to the research centers' sources of information.
- The need to enact a special research centers' law governing the rights and responsibilities of academic research institutions and their research staffs.
- Giving admission priority to university researchers and faculty members who wish to earn a higher degree to finish their university studies. This matter becomes manifestly important and urgent when we realize that most of the academic research associates and university professors hold masters' degrees, but have not had the chance to finish their doctoral studies.

#### V. Other Responsibilities

Among the key missions in promoting the higher education system in our country is to abandon superficialities

and turn our attention to the basics of the academic standards of students. The academic standard of universities and institutes is realized by effective programs that tackle the substantive problems rather than the superficial ones, such as searching for a title for holders of masters' and doctoral degrees.

Higher education and academic research are a trust on which the future of the entire country hinges. Therefore, a serious effort to identify the educational problems, be it with faculty, students, or curricula, as well as related courses, libraries, and other programs, some of which have been already cited, is, in my opinion, much better than putting pressure to artificially raise passing standards that ought to be attained by an objective and automatic process.

Decentralization is an essential issue that grants departments, deans, and universities broad power through which they can fulfill their academic programs. If the quest is to raise the performance of departments, deans, and universities towards the achievement of set goals, the application of the administrative democracy concept in the election of administrative and academic unit chiefs, in accordance with predetermined precepts for nomination, is liable to help overcome many of the causes impeding the development of the educational process due to the bureaucracy that accompanies the attendant academic and administrative action.

Furthermore, a reexamination of the relationship between the ministry and the collegiate institutions, by advancing decentralization in such a way as to transfer the ministry's powers to the universities and their deans and departments, will lead to a state of academic creativity and innovation through legitimate competition among universities, institutes, and research centers, thus inculcating academic and administrative values and conduct that give rise to established courses of action, instead of bringing constant change to higher education, which is befuddled by changes afflicting the ministry from time to time. The minister's policy became the topic of discussion in the conferences held two years ago to deal with higher education reform in Iraq. The best indication of that is the current trend toward the repeal of Article 8 of the Higher Education Directive Number 26 of 1990, which never saw light and was enacted less than a year ago.

Finally, we propose a rotational system to include university professors and their academic activities during vacations, loans, and fellowships, whereby a clear agenda can be outlined on the basis of precedents through which flaws afflicting the rationalization of employment or studies abroad can be overcome in such a way as to guarantee every professor his natural right in every department, college, and university, hoping that this discussion will contribute to the development of the higher education process in our splendid Iraq.

## JORDAN

### Resurgence in Financial Market Described

91AE0470A Amman AL-DUSTUR in Arabic 11 Jun 91  
p 7

[Article by Muhammad Amin]

[Text] It seems that the quietness that pervaded trading activity in the Amman financial market during the past two weeks is now breaking up. This emerges clearly in an examination of trading on Sunday, when signs of activity and an improvement in prices were clearly visible.

During the past two weeks the market witnessed a noticeable drop in trading activity, compared with the previous period, i.e., since the end of the Gulf crisis [until two weeks ago]. Stock prices fluctuated between decline and stability. This situation is very natural. The market inevitably reaches a state of balance, after which trade volume and price fluctuations moderate, so that trading activity reflects the positions of stock companies and economic and political developments in Jordan and the region.

A number of factors helped to calm trading activity in the financial market during the past two weeks. First, the prices of the shares of a large number of companies registered in the market reached high levels paralleling those that existed before the Gulf crisis erupted on 2 August 1990. Moreover, several prices surpassed those levels, especially the prices of shares of companies that achieved good financial results during 1990. This means that the prices of several shares reached their limit, could not continue to increase, and stopped rising. Some of them began to drop to effect a balance. Also, the Bank of Petra's entry [into the financial market] as a seller of its shares in companies, with the goal of liquidation, also facilitated the calming and dropping of prices. Another factor that contributed to the quietness is that almost all of the companies issued their annual balances, and some of them distributed earnings to shareholders that considerably limited their shares trading activity. These are companies whose shares do not entice speculators.

A third, unexpected factor is the government's issuance of a resolution to close 37 factories, most of which are subordinate to public stock companies registered in the financial market. This decision made investors and speculators cautious about dealing in the shares of those companies, out of fear of more closures and the effects of those closures on the companies' productivity and profitability. However, this problem was resolved when the government decided to deal with these factories' positions and to study each one separately. It was decided to reactivate approximately 18 of the closed factories. That decision began to blunt the effect of the closure decision on trading activity in the market. The reopening of the factories will play a psychological role in furthering the recovery of activity in the financial market which began on Sunday, while the entry of new capital into the market this summer will contribute to the development of

trading activity and prices. Information that has begun to leak on the financial results achieved by most of the companies during the first half of 1991 will play a primary role in this development. There is no doubt that many factories' annual balances will show a major improvement at the end of this month, compared to the second half of 1990. Most of the good results were realized in the second quarter of 1991, after the end of the Gulf crisis and war.

Not only did industrial companies, banks, insurance companies, and service companies that realized earnings during the past year and in the climate of the crisis improve their positions during the first half of 1991, but most, if not all, other companies recovered their breath after the end of the crisis in late February 1991. The upswing in their activity will be reflected in their financial positions this year, inasmuch as several companies, whose balances showed noticeable losses in previous years, began to correct their positions toward initiating an upswing and achieving better results. Among these companies, whose shares are registered in the market, is the Arab Investment and International Trade Company, which is currently engaged in starting up a large factory to produce soap and other liquid products, such as shampoo. This company was able to achieve a large improvement in its production and marketing. Also, the Jordanian Cement Company solved all of its previous outstanding problems with a number of organizations, including the Housing Organization and the Phosphate Company. It is now producing at a very high capacity and was able to obtain a number of new contracts worth millions of dinars to build schools and other buildings. Informed sources have reported that several Iraqi agencies are currently considering either importing ready-made cement products produced by this company, purchasing the company, or purchasing part of it to participate in the reconstruction process in Iraq.

This leads us to discuss the real estate sector in general. This sector began to witness noticeable recovery in this period. The increase in Jordan's population stemming from the large number of Jordanians who, because of the Gulf crisis, decided to move back to Jordan after working in Kuwait, increased demand for residential land and real estate, either for housing or investment. The large real estate companies are no doubt capable of supplying the high demand, given their financial ability to build different buildings.

Some parties and organizations took note of this trend and hastened early on to purchase shares in these real estate companies. A prime indication of this is that a number of organizations, chief among them the Jordanian Islamic Bank, have gained almost total control of 'Aqarco, a real estate investment company.

The real estate recovery also affected the Jordan-Gulf Real Estate Company and Baytuna financial house

The recovery that began to emerge last Sunday will not stop with construction, real estate, and industrial companies. Rather, the banks and the services companies will catch up quickly, because any activity in industry, contracts, commerce, and tourism is followed by similar activity in the insurance and services sectors, because of the interconnectedness of the economy. If one sector slows, others slow. If one picks up, others pick up.

We can expect investment in shares to continue briskly, unless, God forbid, something happens to preclude the continuation of this activity.

### Returnees From Kuwait Invest in Industry

91AE0562A London AL-SHARQ AL-AWSAT in Arabic  
9 Aug 91 p 10

[Article: "Returning Jordanians Invest Money in Industrial Projects"]

[Text] Agreement has been reached on 30 new industrial projects in Jordan, with investments of \$25 million during the last few months following the Gulf crisis.

Jordanian officials expressed the hope that Jordan would experience increased industrial investment by Jordanians, Arabs, and foreign investors, through the establishment of joint industrial investment projects among non-Jordanian investors.

The director general of the Jordanian Industrial Cities Organization, Dr. Fayiz al-Suhaymat, attributed the recent increase in industrial investments to two main causes. The first pertains to the return of tens of thousands of Jordanian emigres who were working in the Gulf states, and their desire to invest their savings in industrial projects which would earn them a profit and which would provide new job opportunities to absorb a percentage of the unemployed. Unemployment is a crisis whose weight burdens the Jordanian economy with increasing pressure. This economy suffers from a crisis that stems from its foreign indebtedness and its loss of foreign currency liquidity. This, in turn, has led to a drop in the value of the Jordanian dinar and an exorbitant rise in prices, in addition to inflation.

Dr. al-Suhaymat ascribes the second reason to facilities and incentives provided by the Jordanian Government, represented by the Industrial Cities Organization, whose wish is to attract local, Arab, and foreign investment by exempting these investments from taxes and fees. This is in addition to facilities and exemptions they would normally enjoy, especially in the field of exports.

In a statement to AL-SHARQ AL-AWSAT, Dr. al-Suhaymat said that among the new investments are 25 industrial companies that have been established in the industrial city of Sahab, 30 kilometers east of Amman, and five companies established in Irbid's industrial city, located 80 kilometers north of the Jordanian capital.

### Status, Handling of BCCI Branches, Deposits

91AE0553B Amman JORDAN TIMES in English  
22 Jul 91 p 5

[Article by P.V. Vivekanand: "Storm Over BCCI Global Crisis Seen Subsiding in Jordan"]

[Text] Amman—The storm over the international collapse of the Bank of Credit and Commerce International S.A. (BCCI) appears to have subsided on the local scene, with most local depositors assured that they will not lose their money and the Central Bank of Jordan (CBJ) holding intense consultations over the future of the Jordanian branches of the scandal-plagued institution.

CBJ assurances that BCCI holdings and assets in Jordan are sufficient to cover deposits and permission for limited withdrawals from BCCI accounts have had a positive effect on the bank's clients, although many depositors are anxious to withdraw their entire deposits, banking circles said.

Account holders have withdrawn about 13 million Jordanian dinars [JD]—50 per cent of it in foreign currency accounts—from the three BCCI branches in Jordan since they reopened 9 July after a three-day closure prompted by the seizure of the Luxembourg-based bank by European governments, BCCI Regional Manager Fakhri Balbisi said Sunday.

The withdrawals were permitted under CBJ guidelines which said account holders with a balance of up to JD 1,000 could get all their money and others could get JD 1,000 and 25 percent of the balance pending a final decision on the fate of the BCCI branches in the Kingdom.

A CBJ-appointed administrative committee is managing the bank's affairs in Jordan.

"There is no panic among our customers," said Mr. Balbisi. "Some of them are taking their time for withdrawals, but sooner or later they will want the full amount as permitted," he told the JORDAN TIMES.

Mr. Balbisi and senior banking sources said there was no question over the solvency of the BCCI branches in Jordan since almost all of their foreign currency deposits had been transferred to the CBJ before the international operations of BCCI collapsed with the seizure of its assets in Europe on 5 July.

Deposits with BCCI in Jordan in foreign currency were said to be equivalent to JD 29 million and in local currency at around JD 36 million prior to 5 July.

In addition, all assets of the Jordanian branches of BCCI are within Jordan, Mr. Balbisi said.

No figures were available on outstanding dues by debtors to the BCCI in Jordan, but banking officials said all large lending transactions were closely monitored by the CBJ

under stipulations introduced since the collapse of Petra Bank in 1988, ensuring that there would only be very minimal bad debts.

Reports from London indicated that part of the bank's local credits in various countries had the clients' international deposits with BCCI as collateral for overdraft and lending arrangements. The volume of such credits extended by the BCCI branches in Jordan was not immediately known, but banking sources said it was not of any large significance.

Meanwhile, banking experts said, several options remained open for the CBJ to handle the BCCI branches in Jordan.

"They could transfer the license to another existing bank or a new entity without raising the number of banks in the Kingdom," said one expert. "They could find buyers for BCCI on the local scene or they could merge it with another large Jordanian bank," he said.

The CBJ, under the guidance of Governor Mohammad Sa'id al-Nabulsi, is known to favour and advocate limiting the number of banks in Jordan through voluntary mergers.

Liquidation of BCCI in Jordan is another option facing the CBJ, but the expert opinion of bankers in the Kingdom is that such a step would be the last resort for the Central Bank.

"It is doubtful that CBJ would order the liquidation of the bank since all indications are that the institution is more or less in a strong situation on the local scene," said an economic analyst.

"The international course of events related to BCCI will have a major bearing on the CBJ's decision, although no step taken on the international level against BCCI is applicable in Jordan since all banks in Jordan—whether international or otherwise—are governed only by Jordanian banking regulations," said a senior official at a large local bank.

### **Sharp Increase in Aid Requests by Needy Families**

*91AE0553A Amman JORDAN TIMES in English  
23 Jul 91 p 3*

[Text] Amman (J.T.)—The National Aid Fund (NAF), which offers assistance to the needy in Jordan, has lately been receiving huge numbers of applications for assistance by poor families in the Kingdom, according to NAF Director General Faruq Badran.

The sharp increase in the number of poor families requesting aid is largely due to the difficult economic circumstances prevailing in Jordan, said Mr. Badran in a statement during a meeting with Minister of Social Development 'Awni al-Bashir and other officials.

Dr. al-Bashir said his ministry plans to encourage the work of the General Union of Voluntary Societies (GUVS), which also offers assistance to the poor and runs vocational training centres for the handicapped, and will give more attention to the needy people in various settlements in the provinces.

The minister, who was chairing a meeting for the directors of the ministry's departments in various governorates, said that the director's views were of paramount importance to him as they provide valuable information about the situation in various regions.

What GUVS is doing is of great significance to Jordanian society because its activities benefit the poor and the needy, the minister said.

A sum of 40 Jordanian dinars [JD] is given to each needy family every month from the NAF. The fund also offers lump sums to poor families who suddenly lose their main wage earners and also offer loans to heads of poor families opening a business in order to become self-supportive.

The NAF draws its funds from the treasury and contributions to finance its projects.

### **Returnees Cause Turmoil in Real Estate Market**

*91AE0562B London AL-SHARQ AL-AWSAT in Arabic  
12 Aug 91 p 4*

[Article: "False Turmoil in Jordanian Realty Market; Economists Warn Speculators About Burnt Fingers"]

[Text] The Jordanian real estate market is undergoing a flurry of activity and a great rise in prices, which many see as unhealthy and as a reflection of a state of unrest more than a natural reflection. The main factor behind this is the presence of thousands of Palestinians and Jordanians returning from Kuwait and Iraq. Confirming this phenomenon, 'Ali al-[Gharabiyah], the director general of the Office of Land and Surveys, said that activity in real estate and land during the next two months will be significant. He explained that real estate and land sales are usually active during the summer months.

Al-Gharabiyah added that during June 1991, real estate and land sales were relatively slow compared with May, ascribing the reasons to citizens postponing their business during the Gulf crisis and then waiting for the disappearance of the effects of the economic crisis, which had raised revenues and increased real estate activities in May. The evidence for this activity is that revenues of the Office of Land and Surveys rose 18 percent during the first half of this year, compared to the first half of 1990. During the past six months, those revenues totaled 4.12 million Jordanian dinars, as compared with 12.19 million [as published] dinars during the first half of 1990.

Al-Gharabiyah added that the Office of Land and Surveys' income for June 1991 dropped by 19 percent

compared with May. Revenues during June totaled 3.4 million dinars. However, revenues during June rose in comparison to June 1990, when they totaled 2.13 million dinars.

Dr. 'Abdallah al-Maliki, chairman of the Banking Association in Jordan, pointed out that the current state of the real estate market was abnormal, as well as unhealthy. "The activity that we are seeing or hearing about is not proof of health and vitality, so much as it is of the tumult that accompanies crises. This movement is not healthy. There are not enough sales and purchases; there is only an illogical rise in prices, which fuels the basis for speculation, demands, and desires. Therefore, this market might end up damaging itself, and nothing else. It is damaging itself because it will block the way for normal deals which would have been completed in the absence of those high prices. This will lead to a drop in total volume of activity in the real estate market, exactly as the rise in prices will lead to reduced demand in all other markets. This will in turn lead elsewhere, because the rise in land and real estate prices will result in the real estate market beginning to export inflation to the rest of the economy, through the rise in house and office rentals first, and because that increase will lead to a decrease in the volume of activity in other sectors, such as building and construction. This will hinder the entire economy. For example, many who would have built houses and apartments will put off doing that because of the rise in land costs, which will continue.

"However, in our estimation, the important point is that the rise in real estate prices is based on an erroneous analysis. Land and buildings are the largest types of major goods and demand is only reached if income levels are very high, since very high surpluses (savings) result from that, accumulating until they reach the levels of those goods. This is not realistic, and should not occur in circumstances of unemployment and economic stress, which have not yet been dispelled.

"It is clear that dealers in the real estate market are assuming that the market will rush into turmoil, but that is impossible because there is no income to support an event like this. If a resurgence occurs in demand, for reasons connected with the return of the emigres from the Gulf, then this resurgence will be only temporary and partial. Therefore, the speculators' fingers will get burned in the short term."

Many are saying that the real estate market now is in a state of confusion and overvaluation. Events in that market are no more than a desire for turmoil, and that is a dangerous game!

### **Social Development Director on Poverty in Al-Tafilah**

*91AE0581A Amman AL-RIBAT in Arabic 30 Jul 91 p 3*

[Article by Walid 'Atwan]

[Text] The phenomenon of poverty: An image of various phenomena that appears clearly in the southern regions of Jordan, and especially in the Governorate of al-Tafilah. It is the nature of this phenomenon to affect the lives of individuals and families by forcing them below an acceptable standard of living, and has a significant influence and dangerous effects, such as the social breakup of families, perversions, deprivation and, countless other side effects.

The general decline in economic conditions in Jordan, the rapid rise in prices, workers' fixed incomes, and unemployment have greatly widened the scope of poverty in this governorate.

Mr. Adnan al-Da'udiyah, director of the Directorate of Social Development in the Governorate of al-Tafilah, spoke about this phenomenon, saying:

"In this governorate, about 944 poor families benefit from the National Aid Fund. They are paid 18,000 Jordanian dinars per month and recurring monetary aid monthly of from one to a maximum of 40 dinars. Children represent about 30 percent of cases, bearing in mind that 1,599 individuals received stipends last June, including orphans, widows, the disabled, the elderly, prisoners' families and foster families raising orphans.

"Cases are distributed as follows:

"Families of orphans: 108; families of disabled: 141; elderly families: 227; prisoners' families: 3; foster families: 20; widow families: 363; divorced families: 69; exceptional cases, 13."

When we asked Mr. Da'udiya how cases were classified, he said:

"Some of the best-known activities of the National Aid Fund are taking social surveys of cases that require aid, visiting and examine conditions, and studying them. Then they are classified and recommendations are made to the relevant authorities in the Ministry of Social Affairs and the National Aid Fund."

Mr. Da'udiyah informed us that there is a category of poor whose income exceeds the aid ceiling; for them there are development projects, called vocational development, which include 49 projects providing benefit to the families and to the local economy.

Also, several charitable societies in al-Tafilah are helping poor families, among them the Islamic Center's society in the governorate, which pays monthly stipends to 152 families, amounting to payments of no less than 25 dinars monthly throughout the governorate. It also offers in-kind aid from charitable donors. Villages benefiting from in-kind aid include Danah, al-Sil', al-[Nimtah], al-[Barbitah], Umm Sirab, Busayra, Gharandal, al-'Ayn al-Bayda', and Sinifhah. Monetary aid has been distributed to between 20-25 students at al-Tafilah College.

We can thus see that poverty is like a hemorrhage in the al-Tafilah Governorate, getting far worse among two groups:

A group comprising families whose fixed monthly income does not exceed 90 dinars; there are more than 500 such families.

A group comprising families whose income does not exceed 45 dinars; there are more than 850 such families.

This total of families lives among 50,000 families in the governorate; and indeed, there are many other poor families not covered by the National Aid Fund budget, which subsist below the poverty line and which still await a helping hand.

#### **Terrible Problems That Plague the Poor**

- Several persons of various villages complained to us that the scope of aid or assistance was insufficient to provide the necessities of life for any of their families or to raise them even to the poverty line, which they are far below.
- As for the other problems, the most significant impacting the spirits of the poor is the time element. They say: "We used to get Fund aid from the Directorate of Development every two months, and now that it has become the Postal Savings Fund, the money is delayed for over a month. If we ask why, they tell us the money was delayed in Amman, or that there are official measures in the processing, and bureaucratic matters, and so it is lost between the mail and the Aid Fund, and we do not know the reason why."

We pose this problem to the officials of the National Aid Fund and of the Postal Administration so they might cast an inquiring eye at the situation of these people and find a way to solve their problem.

#### **Causes of Poverty in the Governorate**

There are many causes of poverty, some old, some new; there are general and specific causes:

##### **General Causes**

- **Bad Harvests:** Since much of the governorate's population depends on non-irrigated agriculture, and the harvest varies according to variations in rainfall, it plays a part in the decline of annual income, along with the land, which is infertile and rocky, and much of it is not arable at all.
- **Brain drain** to the capital and other large cities, leading to a dearth of investment projects.
- **The standard of teaching is declining, and illiteracy is epidemic:** while this may seem to be a result of poverty, it is a cause in itself. The rate of illiteracy among poor families exceeds 45 percent, while the rate of those qualified for university is 0.6 percent
- **Lack of intermediate government projects, encouragement of investment and the private sector; there is dependence upon rations.**

- **Unemployment and shrinking employment opportunities.**

##### **Specific Causes**

- **Death of the head of the family, which leaves the family without a provider they had relied upon during his life.**
- **Senility or old age of the head of the family, and his inability to work.**
- **Disability or illness which renders the head of the family unable to work.**
- **Other social causes such as divorce, disability, imprisonment of the breadwinner, travel or absence from the family, and drug or alcohol addiction.**
- **Large family size compared to income and the family's requirements for the necessities of life.**

There are tragic pictures; we know them and the people in them. But we refrain from mentioning them, or those people, out of consideration for those tormented people and for the sensibilities of our readers.

#### **Minister Reports Teachers in Yemen Unaffected by Rifts**

*91AE0555A Amman JORDAN TIMES in English  
25 Jul 91 p 3*

[Text] Amman (J.T.)—A recent decision by the Government of Yemen to terminate the contracts of 28,000 teachers working in the country as of the coming scholastic year will not affect Jordanian teachers employed in Yemen, according to Ministry of Education Secretary General Munther al-Masri.

Dr. al-Masri said in a statement to the Jordan News Agency, PETRA, that the Ministry of Education has not yet received from the Yemeni government any notification or official contact to inform it that Jordanian teachers were covered in the decision.

Currently, 1,000 Jordanian teachers are working in Yemen as seconded by the Ministry of Education but there are another 1,000 under direct contracts with the Yemeni authorities, said Dr. al-Masri.

Yemen, which is linked to Jordan through the Arab Cooperation Council (ACC), coordinates its activities in various fields with the Kingdom through a joint Jordanian-Yemeni Higher Committee.

Agreements over the past five years endorsed by the Higher Committee covered cooperation in education, energy, electricity, industry, vocational training and other fields.

In May 1991, a Yemeni delegation concluded talks with officials at the Ministry of Energy and Mineral Resources and announced that Yemen would benefit from Jordan's experiments of natural gas for power.

Another facet of the close ties between Sanaa and Amman is that the two sides agreed in 1989 that Yemeni

nationals would be exempted from acquiring prior approval to visit Jordan and would not be asked to pay any residence fees during their stay in the Kingdom.

### **Privatization of Jordanian Airlines Discussed**

*91AE0533C Amman JORDAN TIMES in English  
6 Jul 91 p 3*

[Article by Ghadir Tahir: "RJ Considers Privatisation"]

[Text] Amman—The government is considering a plan to privatise Royal Jordanian (RJ) with the help of the governments of Oman and Brunei and international institutions, sources close to the national carrier said Wednesday.

The sources said RJ had already received \$20 million from Brunei, which has also pledged an additional \$35 million as loans that could be transformed into shares if and when the airline is privatised. They said the plan envisages 51 percent Jordanian ownership with seven to eight percent government ownership with the remainder in foreign investment.

If the airline is turned into a public-share holding company, sources said, it will be split into various companies, including flight services, catering and the duty free shop at the Queen Alia Airport. RJ, which has an estimated \$250 million debt, is renting out three of its leased planes in an effort to cover its losses, exacerbated by the Gulf crisis, and reduce expenditures. It has also reached agreement with a consortium of predominantly European banks to reduce monthly payments on three other airplanes.

Last April, creditor banks sought a court order to seize six of the airlines's airplanes for its failure to honour due payments on its debt. Negotiations between the airline's representatives, including former Chairman and Chief Executive 'Ali Ghandur, and creditors produced new arrangements for debt repayment.

Earlier, RJ denied reports in the local press that it was holding talks with Air France or other foreign airlines to take shares in RJ once it was privatised. The airline did not deny enlisting the help of foreign governments or international institutions to save the troubled air carrier which lost an additional \$100 million as result of the Gulf crisis.

"RJ contacted several international firms in order to help study of prospect of privatisation, but the whole matter was postponed indefinitely following the eruption of the Gulf crisis," RJ Director-General Husam Abu-Ghazalah said last month.

"Once the government is convinced of the idea, then RJ's management can take the proper decision in this regard," he added.

Despite its financial liability, many officials argue that the airline must be kept afloat because it is a major

employer in the country which is grappling with a soaring unemployment rate of over 20 percent.

"If privatisation is not the solution for the airline then the government must find another one," said Minister of Tourism and Antiquities 'Abdual-Karim Kabariti. He warned against "dire social consequences" if the airline does not receive support since it employs 5,000 persons and supports their families.

Mr. Kabariti said one of the alternatives to privatisation was the establishment of an aviation ministry which would have a budget incorporating the airline's budget.

### **New AL-DUSTUR Editor Aims for Domestic Focus**

*91AE0511A Amman JORDAN TIMES in English  
26 Jun 91 p 5*

[Text] Amman—The newly appointed chief editor of a Jordanian Arabic-language daily is a career-diplomat-turned journalist who believes that there is a lot of room for improvement in the Jordanian print media towards increased focus on domestic issues rather than pan-Arab nationalist affairs.

"Our newspapers have always been preoccupied with issues of a pan-Arab nature at the expense of local issues," according to Dr Musa al-Kilani, who was formally named chief editor of AL-DUSTUR in april after serving the publication as managing editor since August last year. "I believe that it is our duty as press to prompt our people to turn more inwards and address domestic issues as priority," he maintains.

"It is high time that we gave utmost attention to the Jordanian agenda rather than a pan-Arab agenda. We have to uproot the inhibitions built up over the past 40 years and increase the democratic awareness of our people."

In conversations with friends and colleagues, Dr al-Kilani, who has served as Jordan's ambassador to Bahrain and Sudan in the 1970s and early 1980s after joining the foreign ministry in 1965, also makes it a point to defend AL-DUSTUR against charges that the daily has been overcautious in approaching Jordanian internal politics and controversial issues lest it might incur the wrath of certain political groups and that it also favors an Islamic trend.

His arguments become more relevant when seen in light of an observation by His Royal Highness Crown Prince Hassan that Jordanian newspaper editors were not courageous enough to tackle some of the issues—mainly those related to education—in their right perspective.

Dr al-Kilani maintains that AL-DUSTUR performed its role in focusing attention on what it as "unhealthy, unconstructive" policies of the former education minister. "But we thought against overkills since it would

have been detrimental to bringing out change and could have serious repercussions on a national level...." [paragraph as published]

"AL-DUSTUR has always been open to all lines of thoughts and ideologies," he argues. "We have also followed a policy of extending evenly balanced space for rival thoughts and conflicting views," says the chief editor of the daily, which is seen by many readers as treading a very careful path when it comes to issues related to Islamist groups.

Many critics say that AL-DUSTUR preferred to report news related to policy implementation of Muslim Brotherhood ministers on an isolated event-to-event approach rather than presenting them in a wider framework of what were widely seen as Brotherhood moves to institute its own brand of Islamic practices in the Jordanian society.

Dr al-Kilani, a leading Jordanian expert on Islamic religious fundamentalism in the region who has written extensively on the subject in local papers—including the JORDAN TIMES in 1984, 1985 and 1986—believes that the lingering Arab-Israeli conflict and Israel's continued oppression of the people in the occupied territories against "a state of Arab helplessness" have contributed significantly to the growth of fundamentalist trends in the Arab World.

The former diplomat is also a harsh critic of "irresponsible behavior of some people in encouraging cross-border attacks against Israel by ill-trained, scantily-armed teenagers in the name of jihad."

"What we are losing is the potential of our youth to be trained and be committed to the cause in a realistic way," he maintains. "In effect, encouraging youngsters to undertake reckless suicidal actions is like cutting down saplings before they could grow and produce fruits."

Dr al-Kilani, who obtained his doctorate degree in English literature from the University of Cairo, advocates a three-pronged approach to coverage of local events. "We have to devote ourselves to familiarizing the reader with the immediate issues of life, then towards increasing the awareness of democracy, political pluralism and fundamental freedoms and then to instilling a heightened realization of his or her human rights," he says.

Dr al-Kilani, who has also served as head of the Jordan News Agency, Petra, and Jordan Television and Radio as well as the Press and Publication Department of the Ministry of Information, believes that poverty and low living standards in the rural and outlying regions have not been given the priority they deserve. "Also, ecological issues are of major importance and AL-DUSTUR has indeed taken the lead in exposing many shortcomings in this respect in Jordan," he asserts.

Al-Kilani says he welcomes the new set of press and publication laws which are expected to be formalized soon. "For the first time, the law creates a higher council for press with the inclusion of the speaker of the Upper House and an Upper House member, the minister of information and the two senior most judges in the Kingdom," he said. "The very presence of the judges in the council will be very much reassuring to journalists that their rights would be protected within the framework of law," he explained.

Also, he says, the new law acknowledges the status as journalists of those Jordanians who have experience with the media outside Jordan. "Earlier, only those with experience in the local media were acknowledged as journalists in the Jordanian definition of the profession," he said.

According to Dr al-Kilani, the licensing of new newspapers and magazines under the fresh set of regulations will contribute to bringing about a "healthier media atmosphere in Jordan." At the same time, he argues that there is also plenty of room for such publications in Jordan and their emergence and readership will not be at the expense of the already established newspapers in the country.

"The circulation and readership of new publications will be limited," he predicts in a direct reference to the expectation that new newspapers and magazines will be published by various political groupings. "For wider and broader news coverage, the average reader will always turn to his or her regular daily—AL-RA'Y, AL-DUSTUR or SAWT AL-SH'AB as the case may be," he asserts.

## LEBANON

### Background Report on Water Crisis in South

91AE0526A Beirut AL-SAFIR in Arabic 13 Jul 91 p 4

[Article by Tariq Abu Hamdan: "South's Water Between Occupation's Greed and Lebanese Thirst; Israel Thwarts Projects, Water Wasted; Farmers Not Benefiting"]

[Text] Beginning each summer, water crises develop in more villages of South Lebanon, despite the huge water reserves there in several rivers, springs, and underground reservoirs.

Between Jabal 'Amil and the western Biqa' Valley, passing through Marj 'Uyun, Hasbayya, and Rashayya, the Lebanese citizen with a "gallon" can, by car or by mule, tries to find a source of water or to buy water from a tanker. Within a week, he has consumed the water, which costs 15,000 or 20,000 Lebanese pounds. This amounts to a little more than the minimum wage for a month.

There is a similar scarcity of irrigation water, despite the fact it exists in abundance. Most of it is wasted into the

sea, which forces the farmer to use unirrigated agriculture while only being a few meters from sources of water. This makes his land useless from an economic standpoint, incapable of development.

The drinking and irrigation water crisis, exists side by side with the wasting of water and is reflected both by design and by the lack of planning and absence of projects. What about the al-Litani project, the Jabal 'Amil project, the Shamsin Water Authority, and the Arab League project?

It is evident that these projects were doomed by Israeli greed and manufacturing crises. The Israeli enemy has even interfered in certain villages that it occupies, and has closed down artesian wells dug by the people, claiming that this "ensures" water for other villages.

On Jabal 'Amil, the villages need water for drinking and irrigation. The Jabal 'Amil Water Project is unable to cope with the requirements, and in Hasbayya, officials are resorting to rationing. They justify this action by the water shortage and by the fact that the pumping network from the al-Jawz well near Shab'a, has become worn out. Note that some area villages do not even have pumping networks.

The water crisis in Rashayya and the western Biqa' is getting worse, and the officials of the Shamsin Water Authority and the people are exchanging accusations. The people declare that water only reaches them on a limited number of days, while the agency denies that or justifies it by pump outages or by the rationing of electricity.

It was noted on a field trip that arable land in Hasbayya, Rashayya, al-'Arqub, and al-Khayyam, has to a large extent become unirrigated land that is not producing to maximum capacity. Therefore, farmers rely on cultivating grain crops, because they do not require irrigation.

Farmers in these villages say that the "green project" this year initiated land reclamation projects, and it is expected that arable land will increase considerably. This will increase the need for irrigation water, especially in the summer season.

Residents of these southern areas are nearly unanimous on the causes of the water crisis, and they enumerate them as follows:

1. Lack of exploiting water resources from springs and rivers;
2. Nonutilization of winter water;
3. Absence of state projects pertaining to potable and irrigation water;
4. Worn out water networks, which were built in the fifties and sixties; and,

5. Increasing population, with resulting increased consumption.

#### Projects

The people of South Lebanon remember several projects to exploit the region's water, including Arab projects, local projects, and Israeli projects.

In this regard, they recall an Arab League project decided upon in a meeting called for by the late Egyptian president, Jamal 'Abd-al-Nasir, in 1964. It was considered a response to Israeli greed for Arab water.

The project's planning board proposed the following goals:

1. Reroute the waters of the al-Hasbani and Shab'a sources through a tunnel in Kukaba to the al-Litani basin and store the water in Mayfadun for use in irrigating the al-Nabatiyah area;
2. Establish installations to utilize Syrian sources to irrigate arable lands and, after collecting it, route the surplus through canals to the Wadi al-Raqqad (one of the al-Yarmuk's tributaries) for use in Jordan;
3. Install a dam on the al-Yarmuk, where it joins the Wadi al-Raqqad, large enough to accommodate 200 million cubic meters of water to generate electricity and to irrigate the al-Aghwar region; and,
4. Raise the level of the eastern al-[Ghawr] Canal in order to double its capacity.

However, less than a week after work started on the project at the al-Hasbani and al-Wazzani rivers, Israel launched air raids, accompanied by artillery shelling, on the equipment and machinery belonging to the Arab League. A number of bulldozers and trucks were destroyed. Since that time, the project has been halted.

In contrast, Israeli projects to confiscate Arab water, including Lebanese water, have been discussed frequently, since the first conference of the Zionist Movement, which emphasized the importance of water for the Hebrew state. Moreover, in 1919, Ezer Weizman sent a letter to British Prime Minister Lloyd George, in which he stated that Israel's entire future depended on water for irrigation, and to guarantee electrical energy, and that the most important resources were the waters from Mount Hermon and the Jordan and al-Litani Rivers. Weizman believed that it would be necessary to push Israel's border northward 25 kilometers to the al-Litani.

In 1953, American President Dwight Eisenhower tasked his advisor, Eric Johnson, to supervise the American Tennessee Valley Authority. This job entailed negotiating with Middle East nations and convincing them to approve a project to utilize unified water resources in the Jordan River basin, estimated at 1.213 billion cubic meters.

The project proposed to distribute this amount among the countries of the region, so that Jordan would get 774 million cubic meters; Syria, 45 million cubic meters; and Israel, 394 million cubic meters. There was no mention of Lebanon.

Israel submitted another project requiring the use of Lake Tiberias as a central point to store flood waters and to pump 700 cubic meters from the Jordan basin to irrigate the Negev Desert.

This old Israeli greed remains to this day. Israel still exercises pressure on the Lebanese authorities through its occupation of South Lebanon and makes international contacts in an attempt to find a legal formula to exploit the waters of South Lebanon according to the following quantities:

- 65 million cubic meters annually from the al-Wazzani source;
- 75 million cubic meters annually from the al-Hasbani River;
- 25 million cubic meters annually from about 100 springs and small rivulets on the western side of Mt. Hermon; and,
- 20 million cubic meters annually from water from melted snow on the western hills of Jabal al-Shaykh.

However, there is a huge underground reservoir in the area of Sahli al-Khayyam and Ibl al-Saqi. This is demonstrated by the artesian wells that have been dug there, extending over an area of six kilometers, all of which produce plentifully. For this reason, the owners of these wells say that Israeli occupation forces shut down eight wells, sparing the ninth at the al-Khayyam/Marj 'Uyun junction. This well alone waters all the Marj 'Uyun villages, and part of the Bint Jubayl villages, except for the water the occupation forces are conveying to the Jalil area via a network beginning at Bint Jubayl.

On the local level, people in the region are wondering about the fate of the southern irrigation project from the al-Litani, using gravity from a level of 800 meters. An informed source told us that a study of this project had been completed and submitted three times for bids from European companies, which were quickly withdrawn, and commitments canceled, under the influence of foreign Zionist pressure.

It was also mentioned that 15 years ago, the state initiated a project to pump the water of al-Shafah from the source of the al-Magharah near Shab'a to provide water to the villages of al-Khalwat, al-Kufayr, Mimis, 'Ayn [Qanayya], Shwayya, and al-[Fardis].

The director of al-Khalwat's official school, 'Adnan 'Amir, speaking for the people, asked about the fate of this project during his interview with AL-SAFIR on the difficult water crisis in the town. He pointed out that the people rely on water pumped to a storage tank in upper al-Khalwat by means of an electric pump. "This puts us

at the mercy of electrical and pump outages, and forces us to look to the springs of neighboring villages for water."

#### Failures and Fees

An official in the Hasbayya Water Authority said that al-Shifah water has become insufficient for the town's needs. "Therefore, we rely on rationing and on distributing water periodically to the neighborhoods."

He added: "Ten years ago, a study was prepared to pump water from the source of the al-Hasbani to the main reservoir in Hasbayya. However, the project is still on paper, and we have heard nothing since the Israeli invasion in 1982."

He also talked about several attempts that political parties, UNESCO, and other organizations have made to dig artesian wells in 'Ayn Qanayya, Rashayya, Mimis, al-Kufayr, and Zahr al-Ahmar. However, digging results have not been satisfactory."

In areas occupied by the Israeli enemy, the people, in addition to a scarcity of water, are suffering from imposed fees that occupation committees are collecting. Ten dollars a month is levied on each house; water is withheld from those who do not pay.

#### Water and Sovereignty

The citizen of South Lebanon is suffering, and his questions are increasing; questions about his fate and his morsel of bread. In the face of Israel's greed for South Lebanon's water, he is searching, not for a local position, but rather, for a unified Arab position. This is what Parliamentary Deputy Munif al-Khatib thinks.

In an interview with AL-SAFIR, al-Khatib said that at this difficult stage, the need is for "a unified Arab position to guarantee the thwarting of Zionist plots and greed, which will enable us to safeguard our water, land, and the rights of our people.

"Israel aspires to control a large part of South Lebanon's territory. The weakness of the state's authority there helps the occupying forces to arbitrarily dispose of the resources, wealth, and water of this region, to serve their imperialist, colonizing interests by stealing our people's wealth—our people who own the land—and offering it to groups whom they bring in from remote lands."

Al-Khatib added: "Unlawfully confiscating our water constitutes oppression and aggression against us, as well as theft. It also constitutes a breach of state sovereignty, and is against the law of human rights established by the UN. This is the law that the major international powers seek to enforce."

Al-Khatib stressed the "unity of the Arab position," and called for "international forces, specifically the United States, to achieve legitimacy and restore occupied Lebanese territory, guarantee the withdrawal of the Israeli

enemy from the South, and help the Lebanese Government expand its sovereignty over all its territory."

### Bank Reform Efforts Described

91AE0537A London AL-HAYAH in Arabic 23,  
24 Jul 91

[Article by Dr. Hisham al-Bassat: "Banking Reform in Lebanon; Two-Currency System Based on Both the Lebanese Pound and the Dollar"]

[23 Jul p 11]

[Text] Because of recurring debate in Beirut on raising the ceiling on insured deposits in Lebanese banks to 5,000 Lebanese pounds, AL-HAYAH is serializing the text of a working paper submitted by Dr. Hisham al-Bassat to a symposium on banking reform held at the Institute of Finance and Banking Sciences of the American University of Beirut. Dr. al-Bassat is executive director of the Arab Bank in Lebanon.

The effects of the Lebanese war (1975-1990) on economic sectors have accumulated in recent years. Economic and financial structures have undergone radical changes, of which the most significant are Lebanon's discontinued role as an economic intermediary, distress in the services sector, crises in the producing sectors, growth of the national debt, and decline in the value of the national currency.

The banking system did not escape the impact of this destructive war, especially in the past two years as political, security, and economic crises escalated to very alarming levels. Those crises affected most sectors, including some banks that faltered because of structural problems, mismanagement, or lax oversight. This is attributed to the following factors:

A. A dramatic 100-fold decline in value of the Lebanese pound since the beginning of 1985. The dollar exchange rate on Beirut markets shot up from 8.8 Lebanese pounds at the end of 1984 to 842 Lebanese pounds by the end of 1990 and escalated to 1,047.5 Lebanese pounds on 28 January, 1991. This is ascribed to war skirmishes that affected most regions of Lebanon and wrought destruction and devastation that undermined productive capacity. It is also attributed to intensifying international and domestic pressures on the national economy as a result of the state's inability to collect taxes and fees, and to worsening inflation as a result of growing national debt. The weakness of the Lebanese pound and the flight to foreign currencies has altered the composition of deposits with the Lebanese banking system. The ratio of Lebanese pound-denominated deposits dropped in the 1984-1989 period from two-thirds to approximately one-third. The dollar has increasingly become a popular unit of settlement for sales and purchases and we are now living under a dual Lebanese pound/dollar [monetary] system. Bank capitals originally denominated in Lebanese pounds eroded in

value because they were not allowed foreign exchange credit positions larger than 15 percent of capital.

B. Lax oversight on banks of all types. Specifically:

1. Internal controls (spot inspections and internal audits) are almost nonexistent in many banks operating in Lebanon. Such controls are tools of bank managements, which institute them to varying degrees to fit their own needs and requirements.

2. External controls are mandated by business, monetary, and credit laws to ensure that banks comply with rules and regulations and that their controls are sound and conform to generally accepted practices. The security-induced immigration [brain drain] of many auditors has weakened this oversight apparatus, especially since the drop in Lebanese pound values has rendered management unable to cover the expense of retaining qualified employees or attracting new ones.

3. The Banking Oversight Commission slackened, especially in 1988 and 1989, because of political divisiveness which left vacancies on the commission unfilled, despite the precarious position of the banking system and the need for tighter oversight. This resulted in a shortage of talent, especially with the [proliferation] of thefts and embezzlement, the assumption of needless risks, and instances of major negligence and disregard for monetary and credit laws and for Bank of Lebanon guidelines. Other contributing factors were political and security lapses; the degeneration of ethics and values; and failure to thwart violators, take them to task, and to mete out the punishment they deserve.

C. The banking crisis was initiated at the end of 1988 by Bank of the Levant, which was the second largest bank operating in Lebanon. The crisis gained momentum in 1989 and 1990 as other banks also faltered or ceased operations when the Bank of Lebanon—because of the size of their huge losses and their inability to offer collateral—was unable to bail them out with necessary liquidity in accordance with legislative decree No. 10/77 or through the strategy of "sell with an option to recover." That coincided with a campaign of vicious rumors that victimized numerous banks. Even strong banks were named in lists disseminated to large establishments. Turmoil resulted in banking circles, especially under the difficult security climate that engulfed the country in the past two years. The banks, however, confronted that campaign and brought an end to it after repeated meetings between officials and bank representatives.

1. Causes and manifestations of bank faltering: To falter means to stumble. A rudimentary definition of bank faltering, much in the news over the past two years, is that it is a liquidity crisis created by wide and chronic disparity of total obligations with total assets, making it necessary to seek central bank support in order to continue operating.

a. Bank faltering in Lebanon may be attributed to three main factors: External factors, such as the accumulation of problems that burdened the Lebanese banking system, especially in the past two years; arrested production; and continued downward pressure on the Lebanese pound's exchange rate. Banking operations consequently contracted because of increasing risks, shortage of credit, and the high cost of resources and expenses in general. Internal factors were attributed to mismanagement, primarily due to incompetence and the lack of ethics. They gave rise to cheating; stealing; and the assumption of unwarranted risk, especially in the fields of speculation, foreign exchange transactions, and noncompliance with monetary and credit laws, Bank of Lebanon guidelines, and accepted banking practices. Slack oversight resulted from Banking Oversight Commission laxity, especially in 1988 and 1989, in enforcing laws and accepted practices. This was primarily attributed to vacancies of a major position and two member slots on the commission, causing a severe shortage [of manpower] in the oversight apparatus and preventing employees from carrying out their regular duties, especially under difficult and fragmented security and political climates in the country.

B. Bank faltering, as previously mentioned, is triggered by imbalances between obligations and assets that are manifested in the lack of liquidity and in losses that may be greater or less than the bank's private funds, causing a severe shortage of cash. Such indications may be better identified by examining the loans advanced by the bank—whether were they on collateral, inflexible, for real estate, or issued to members of the board—and by examining bank balances and analyzing major indicators—the ratios of loans and of liquid assets to deposits, the return on private funds, assets, profit margin, total interest received and paid, and the ratio of operating expenses to assets. This brings us to the criteria used by the oversight commission to determine whether a certain bank is faltering. Chronic illiquidity, high withdrawal volumes, and numerous risky loans would signal the commission that the bank's position is critical and that it may soon request liquidity from the Bank of Lebanon. The commission would then proceed in accordance with the following principles and parameters:

1. Halt all activity, such as loans, guarantees, etc., that may increase the bank risk vis-a-vis others.
2. Cover losses, as calculated by the commission, either by real estate pledges to be replaced by cash guarantees within a specific period of time, or by cash guarantees in the form of supporting interest-free loans from the bank's major shareholders. The latter loans are not to be paid back by the bank except with Commission approval.
3. Ask shareholders to increase the bank's capital.
4. Ask management to liquidate certain assets either by cashing in real assets acquired as payment for previous loans or by improving the collection of nonperforming debts.

5. Ask bank management to seek out seasoned banking experts and hand them the top executive reins.

In asking the bank concerned to adopt certain measures, the Banking Oversight Commission may employ one or more of the above tenets and principles after consultation with the Higher Banking Authority.

The Bank of Lebanon has supported banks that sought its help in the past with liquidity or cash problems, provided they offered additional guarantees.

#### **How Did the Authorities Handle the Problem of Faltered Banks?**

Because of security developments in Lebanon since 1975, the Council of Ministers resolved at its meeting of 12 November 1975 to do everything possible to guarantee the safety of the banking sector under those conditions. On the state's authority, it asked the Bank of Lebanon to help banks with liquidity needs to the extent of available guarantees.

Measures for the implementation of that resolution were ratified by legislative decree Number 10 of 14 February 1977 whose Article Two stipulated that the state would guarantee emergency loans which have been, or might be, provided by the Bank of Lebanon in accordance with the final paragraph of Article 102 of the Money and Credit Law. A number of banks in need of liquidity received help from the Bank of Lebanon in recent years in return for various assets and guarantees under the provisions of said legislative decree. Worsening political and security conditions in the past two years, however, have directly impacted the banking sector and caused it so much damage that the Bank of Lebanon was flooded with appeals for liquidity. The central bank, however, made its help conditional on guarantees in kind whereby the banks would sell it their real estate holdings but with a two-year recovery option. This Bank of Lebanon requirement was justified in view of the enormity of requested funds and because of the Treasury's deteriorating position as a result of the escalating national domestic debt. Some banks, however, suffered a sudden and sharp liquidity crisis because real estate documents were not readily available in order to effect their expedient sale [to the central bank] or because it was difficult to appraise their value. Many of those real estate holdings were in remote areas and proper appraisal required the time and services of respected experts. Certain banks were critically short of cash and endured mounting pressure under waves of withdrawals and fund transfers to other banks that were sound up till then. Some banks were forced to suspend operations or close their doors on the pretext of labor strikes.

In view of all that, the government had to again guarantee the soundness of the banking system, especially under conditions of:

- a. Security developments in the past two years stalled the court system and delayed determinations affecting certain banks.

b. The state of the Lebanese Treasury rendered it impossible to count on legislative decree Number 10/77.

c. The practice of selling real assets to the central bank with a two-year recovery option became increasingly burdensome because of inflationary risks generated by injecting more liquidity into a rigid and stagnated economy. Moreover, the practice almost turned the central bank into a real estate bank, which it was neither willing nor qualified to operate. Real estate appraised a year or more before became the center of contention because of inflated values. Depositors did not benefit from the [infusion of] liquidity, since bank managers used the funds for foreign exchange or to buy new real assets.

d. The National Deposit Insurance Corporation was stagnating and it offered weak guarantees with a ceiling of one million Lebanese pounds per deposit per bank.

This amount today is worth no more than \$1,000 in real terms due to inflation and to declining Lebanese pound exchange rates. The guarantee is therefore minimal, considering that 1.65 million depositors (88.2 percent) have deposits of up to a million Lebanese pounds, for a total of 147 billion Lebanese pounds, or 18.5 percent of aggregate deposits. With its current resources, the National Deposit Insurance Corporation is unable to even secure the million-Lebanese-pound guarantee for deposits with faltering banks whose aggregate Lebanese pound obligations amount to 135 billion Lebanese pounds.

Accounts of less than a billion Lebanese pound account for 18.5 percent of aggregate deposits in the banking sector. The bill for guaranteeing deposits could therefore amount to 25 billion Lebanese pounds, of which the National Deposit Insurance Corporation has only 5 billion.

The government was consequently concerned lest the wave of faltering expand and undermine the reputation the Lebanese banking system. Difficulties specific to one or more banks could then become a system-wide problem.

That is why the government seeks to restructure the banking system.

[24 Jul p 11]

[Text] There are points of agreement and disagreement among various bank reform plans.

Bank of Lebanon circular number 951, dated 16 May 1990, is credited with revealing the true liquidity positions of certain banks in Lebanon. The circulated regulations imposed restrictions on banks that have been remiss in implementing guidelines 658, 688, and 700, which mandated reserves both in cash and in treasury

bonds. The regulations, which went into effect immediately, froze the central bank accounts of delinquent banks, except to the extent that they exceeded obligations.

Officials of banks with liquidity problems were consequently summoned and invited to supply additional guarantees in return for the liquidity assistance they needed. Those banks were also put under scrutiny lest they should become inoperable. Interest in the future of those banks and in the need for bank reform developed as a result.

#### The Evolution of Bank Reform Over Time

A committee for the development of the National Deposit Insurance Corporation was created by a resolution from the Prime Minister dated 5, 12 June 1991 [as published]. The committee's report was submitted on 13 July 1990. Decree Number 624 on a draft emergency bill for bank reform was approved by the Council of Ministers at its meeting of 9 October 1990 and submitted on 12 October 1990 for legislative committee debate. A legislative committee created to re-examine the bill held several meetings.

#### Basic Issues of Banking Reform in Lebanon

There are three bank reform plans which, to facilitate comparison, may be summarized as follows:

1. The first plan: The report of the committee for development of the National Deposit Insurance Corporation calls for augmenting the Higher Banking Authority by changing its composition and vesting it with judicial powers. The report also proposed the creation of an authority to intervene in managing faltering banks, reinforce oversight, and revitalize the National Deposit Insurance Corporation.

2. Another plan was advanced by Dr. Edmond Na'im, a former Bank of Lebanon governor. It touched on thorny subjects that raised a lot of furor. It revolved around the following points:

1. Mandate that bank shareholders collectively pledge their personal funds for bank re-capitalization.

2. Allow the governor and the chairman of the oversight committee access to records that they would ordinarily be denied under bank confidentiality. Delegate to those two positions whoever is deemed competent and appropriate.

3. Grant the Bank of Lebanon privileged rights of eminence of the first degree over bank and shareholder assets.

4. Recommend the mergers of two or more banks and mandate such action by faltering institutions.

5. Abolish the National Deposit Insurance Corporation and transfer its functions to the Bank of Lebanon.

6. Mandate fines as well as prison sentences for speculators.

7. Direct healthy banks to share the burden of faltering bank losses, should the central bank be unable to recover its loans to banks.

8. Make bank board of director elections subject to ratification by the Higher Banking Authority.

9. Empower the Higher Banking Authority with the competence of a court of law for a three-year period.

10. Vest the Banking Oversight Committee with a juridical personality and grant it administrative and financial autonomy.

3. The [third] plan was prepared by the government and is based on guarantees jointly endorsed by depositors, the banking system, the National Deposit Insurance Corporation, and the State. [Under the plan,] deposits in Lebanese pounds or in foreign currencies would be equally guaranteed by the Bank of Lebanon which would, under the auspices of the state, pay faltering banks the ratios determined by the Higher Banking Authority, but no lower than 80 percent. The break-down is as follows:

- The amount of book entry
- 100 percent proposed deductible
- 20 percent which is not paid according to the plan
- 5 percent to be borne by the banking sector
- 25 percent interest for the previous 18 months
- 5 percent the amount reimbursed by deposit insurance;
- totals 55 percent
- thus, 45 percent to be paid by the Bank of Lebanon.

This means that bank losses must exceed 55 percent of total deposits before the insurance kicks in.

Deposits, as a rule of thumb, generally amount to 150 times bank capitalization. This means that losses must exceed 80 times capital (150x55 percent) before the guarantee comes into force. In practice, this should only apply to a few situations and would cover small amounts.

There is no doubt that such guarantees would protect investor rights against the ordinary risks of bankruptcy, would revitalize the banking system by generating new confidence, and would be an incentive to invest.

#### **Points of Agreement and Disagreement Among Reform Plans**

Points of agreement among banking reform plans are few and essentially limited to the need to expand the authority of the Higher Banking Authority and to empower it as an ordinary court. The third plan, however, would assign to the Authority a full-time specialist in banking and financial matters.

The first two plans would vest the Banking Oversight Commission with more autonomy and would give it a bigger financial and administrative role. The third plan does not address this issue.

On the other hand, the plans differ in many aspects. Most significantly:

1. The first plan would restructure and reinforce the National Deposit Insurance Corporation. The second plan would do away with it altogether and transfer its functions to the Bank of Lebanon. The third plan would keep the corporation and extend its protection to foreign currency deposits.

2. The first plan would create an authority to step-in and manage faltering banks. The second plan calls for implementing Law Number 2/67 as well as the bankruptcy stipulations of the Merchant Marine Law. The third plan makes no recommendations in this regard.

3. Regarding legislative decree Number 10/77, the first plan underscores procedures and guarantees. The other two plans do not address this point.

4. First rights to shareholder funds—the second plan would give the Bank of Lebanon privileged rights of pre-eminence of the first degree. The other two do not bring up the issue.

5. The first plan makes no recommendations regarding the responsibility of shareholders. The second plan mandates that shareholders collectively pledge their personal funds towards bank re-capitalization. The third plan lays no responsibility on shareholders who contribute [managerial] input directly or indirectly.

6. The first plan makes no recommendations for ratifying elected directors. The second plan gives that competence to the Higher Banking Authority while the third vests it with the Banking Oversight Commission.

7. Only the second plan addresses banking confidentiality.

8. Only the second plan addresses bank mergers.

9. Only the second plan addresses speculation.

10. The first plan does not address the obligations of faltering banks. The second plan requires [all] banks with to cover Bank of Lebanon losses from loans to faltering banks. The third plan limits bank contributions to 5 percent of faltering bank losses.

#### **Reaction to Banking Reform Proposals**

There were numerous published reactions to banking reform proposals, most of them in response to the government plan after it was sent to legislative committee on 12 October 1990.

Noteworthy is that the former governor's plan was prepared and given to the Prime Minister approximately two months earlier. It [the former governor's plan]

guided the government's plan and formed the basis for it. The latter—which was considerably watered-down—shelved many of the thorny and sensitive issues raised in the former governor's proposals.

Some of the more significant observations, attributed to their sources, are reviewed below in the order that they were made.

### The Former Governor's Plan

#### Observations of the First Reaction:

- Article 1: The first rights of pre-eminence accorded the Bank of Lebanon to recover its loans to faltering banks are unjustified, because loans are supposed to be covered by specific guarantees. Furthermore, the central bank enjoys state guarantees under the law.
- Article 2. The amendment to Article 134 of the Money and Credit law is contrary to existing law in that it would charge shareholders with responsibility for restructuring bank capital even though they had no part in bank management. It further innovates by extending such responsibility to shareholder spouses and minor children.
- Article 5. The proposed amendment may undermine banking confidentiality in a way that could breach client accounts and activities on the pretext of safeguarding the public interest. The definition [of public interest] was left up to the Bank of Lebanon.
- Article 9 and 10 of the plan are unconstitutional in that they are antithetic to the precepts of judicial independence and multi-level courts. The proposal would wrest jurisprudence away from the courts and vest it in the Higher Banking Authority, which would then become both prosecutor and judge.
- Article 12. Article 208 of the Money and Credit Law has defined banking violations and the penalties for them. Therefore, the unwillingness of two banks to merge does not constitute a violation that triggers a penalty, which in this case would be the merger. To do so would be to subvert shareholder will. The Bank of Lebanon can in no way substitute for bank shareholder general assemblies.

#### Observations of the Second Reaction

- Article 1. The rights of pre-eminence should be limited to cases where state guarantees are absent. The term "faltering banks" is in need of further definition.
- Article 2. Management, not shareholders, should bear responsibility for faltering. It is not clear whether said responsibility would be placed on juridical shareholders as well, or to what degree it extends to their private funds.
- Article 5. It is a violation of accepted rules for public authorities to intervene in the election of boards of directors by shareholders.
- Article 6 is a violation of banking confidentiality and gives authorities a window to bank books and processes, creating confusion and redundancy, since that

right is already vested in the Banking Oversight Commission.

- Conclusion: Bank faltering must be governed by legislation, not merely by administrative decrees based on precedents that are contrary to the interests of both bank managements and bank shareholders.

#### Observations of the Third Reaction

It favors the concept of making elections to bank boards contingent on ratification by the Oversight Commission, which it would further empower to set qualifications for directors and require the nominees to respond to specific questions.

It also supports empowering the Higher Banking Authority to function as a court of law, since its experts would be more technically skilled at evaluating banks than a [regular] court. It favors vesting the Authority with judicial competence permanently rather than for three years only.

It further calls for giving members of the Banking Oversight Commission legal access to depositor accounts as a means of enhancing oversight.

#### Observations of the Fourth Reaction

The plan would wrest away court competence to settle cases of bank nonperformance and transfer it to the Higher Banking Authority. This would turn the governor of the Bank of Lebanon into both prosecutor and judge, and is a violation of the constitutional principle of separate estates.

The plan adds a new judicial role to the original functions of the Higher Banking Authority. It also violates Law Number 2/67 itself by making its implementation a function of the will of the commission's chairman or two of its members, not to mention the composition meetings in the authority, depriving litigants of the means of review, the absence of conditions of judicial immunity, and indifference in the deliberation chamber toward resolving differences.

The plan undermines points of commercial law governing corporate boards of directors by rendering the election of directors contingent on Oversight Commission ratification. This is interference in shareholder affairs.

The proposal dealing with the personal liability of shareholders involved in bank management is ambiguous on the definition of direct or indirect involvement. It would lay more responsibility on shareholders than on directors.

In view of current economic conditions and the number of faltering banks, the Bank of Lebanon would be overburdened if it were to guarantee deposits with nonperforming banks. Those guarantees would burden healthy and prosperous banks, perhaps beyond their endurance, by requiring them to serve the interests of mismanaged banks.

The plan was also set forth in a haphazard manner heretofore unknown in legislative history. It is replete with illegalities and violations of the constitution.

#### Observations of the Fifth Reaction

By requiring them to pay a share of Bank of Lebanon reimbursements to depositors, the plan could be disruptive to healthy banks by subjecting them to unforeseen burdens.

The plan would hold a group of shareholders and their personal funds liable for bank losses. This is contrary to laws governing stock companies, including banks.

The plan deals more harshly with shareholders involved in bank management, directly or indirectly, than with those in charge of such management.

It is not possible to determine beforehand the identity of shareholders involved in bank management. This can only be done after a thorough investigation to determine who was involved in management, directly or indirectly. Regulations such as this would discourage banking investments by Lebanese and foreign capitalists who would want to avoid such boundless liability.

The plan removes the court's powers in case one of the banks fails, and the Higher Banking Authority replaces them. This would be an encroachment on the jurisdiction of the court, in which only one judge participates. In that situation, there are dangers either in the method of the formation of the authority, operating methods, trial procedures, composition of the meetings, or in the methods of review. The concept involves other risk having to do with the Authority's composition, basic operations, trial [hearing?] procedures, scope of meetings, and avenues of appeal.

There is no justification for abrogating the Bank of Lebanon prerogative to extend the one-year time limit on the re-capitalization of stricken banks, or for deeming them nonperforming as a result. A bank may not be able to re-capitalize without being legally nonperforming.

Lastly, empowering the Banking Oversight Commission to object to the election of directors would be a violation of commercial law governing board of director elections, could be injurious to the bank involved, and would involve more negatives than positives.

#### The Sixth Reaction

The plan should not be amended but rejected in total because it:

- Would shrink the role of banks and will lead to infringes on constitutional principles and on commercial law, and violates the constitutional principle of separate estates.
- Would have nonmembers of the board of directors relinquish ownership of their shares, as well as the discretionary supervision of the Bank of Lebanon over this operation. This would cause a decline in

share values and would enable the Bank of Lebanon to assume ownership of their shares.

- Would violate the constitutional rights of the Lebanese if board memberships were contingent on rulings by the Oversight Commission, which has not been impartial in the past and could inhibit the banking activity of many qualified persons, thereby weakening the sector.
- The functions it would assign to the Bank of Lebanon would hinder it from operating with impartiality.

#### Response to Previous Remarks

This supports procedures outlined in the government plan for abbreviated depositor action. Such procedures would expedite resolving the crisis immediately after nonpayment is declared.

The competent authority designated by the plan in cases of nonperformance could either be an expanded Higher Banking Authority, which would be no infringement on the judiciary; or a special court composed of three judges, a deputy governor, and a member of the Oversight Commission.

For reasons of accountability, the term "de facto managers" would be defined as those who participate in management. A precedent is set in French jurisprudence where a de facto manager is equated with a legal manager and is penally liable as well.

This also supports the concept of placing the election of directors under the surveillance of monetary authorities, but would debate which authority to receive that mandate.

#### Concluding Remarks and Suggested Discussions for the Symposium

The subject of banking reform came up after certain banks faltered and after consequences to depositors became apparent. It is inappropriate, however, to limit banking reform to the field of nonperformance alone, especially since none of the three proposed plans has offered a quick procedural solution to nonperformance or guaranteed the compensation of depositor losses.

The three plans may be summarized as follows:

The first is a quasi-solution that specifically addresses itself to the subject of developing the National Deposit Insurance Corporation. It advocates expanded roles for the Higher Banking Authority and for the Banking Oversight Commission and calls for a re-examination of the National Deposit Insurance Corporation. It defines working guidelines for legislative decree Number 10/77, and would create an authority to take over the management of faltering banks.

The second has mandatory provisions and touches on many issues. It would give monetary authorities privileged rights of pre-eminence of the first degree over bank and shareholder assets. It would abolish the National Deposit Insurance Corporation and transfer its functions

to the Bank of Lebanon. It would recommend mergers between two or more banks and could mandate such mergers if its recommendations were ignored. It would breach banking confidentiality and make operating banks liable for the losses of faltering banks if the Bank of Lebanon were unable to recoup its loans to banks. It would also sentence speculators to imprisonment and fines of up to 50 million Lebanese pounds.

The third is a collaborative approach and charges all parties to the problem (banks, depositors, deposit insurer, and the state) with responsibility for covering the losses of faltering banks. The cost of this plan has not been yet determined, even though total losses are put at between \$150 million and \$300 million. These estimates do not include Bank of the Levant operations and are subject to change accordingly. The plan does not sanitize the banking system and may even allow marginal banks to survive, creating breeding grounds for future risks.

What, then, is the solution? The desired banking reform is everybody's responsibility—bankers and scholars as well as the executive and the legislative authorities.

We must endeavor to define and refine our concepts and notions of economic reform in Lebanon.

Our observations and proposals would be helpful to the authorities concerned in making necessary decisions. By identifying common concepts, we can help find solutions to the following issues being debated:

#### Issues Involving Faltering Banks

- Should the Higher Banking Authority be maintained as is or should it be given wider competence by vesting it with emergency powers and turning it into a court of law? Would that violate the constitutional precept of separate estates?
- How should the government deal with a faltering bank?
- If mergers are a viable method, should it be voluntary or mandatory? What are the yardsticks to use and how can merger candidates be encouraged to go through with it?
- If liquidation were the solution, who is to bear faltering bank losses? Shareholders? Depositors? The banking system? The State? Or all of them collectively to the extent that each can bear?
- Are there other viable alternatives? What are they?

#### Issues Involving the Banking System As a Whole

Liquid reserves should be raised for banks operating in Lebanon. Liquidity has declined from 3.4 percent in 1982 to 0.5 percent in 1989.

The question now is whether Lebanon should adopt the decisions of the Basle Commission or should we take special measures appropriate for our present conditions (collapse in the value of the national currency, inflation, the reduction of the debit net discount positions to 15

percent of capital). Should assets be re-valued and partially used to boost capital or would it be enough to limit risk in that category?

There is interest in raising the quality of bank management. Can this be assured by making the selection of directors subject to approval by the governor, by the central council of the Banking Oversight Commission, or by the Higher Banking Authority?

The Lebanese civil war has triggered the emigration of banking specialists since 1975 and they have been difficult to replace. New bankers are being developed by specialized institutions and through various technically focused training programs. How can these avenues be coordinated to achieve the desired objective?

#### Other Issues

Finally, there are other important issues that we recommend for discussion by the Institute of Finance and Banking Sciences at future symposia. These include:

- A study on developing Lebanese monetary and financial markets, which have greatly declined since 1975. How best can that be accomplished—by legislative amendment, by institutional development, or by other means?
- What banking role will Lebanon play in view of Gulf developments and the challenge of a united Europe in 1992? How will the Lebanese banking system be impacted and what measures are available to meet new challenges?

#### Text of Draft General Amnesty Bill

91AE0526D Beirut AL-SAFIR in Arabic 1 Jun 91 p 7

[Article: "Text of Draft General Amnesty Law; Exceptions Include Vile Murder, Treason, and Assassination"]

[Text] The draft of the general amnesty law prepared by the Judicial Committee was distributed on 31 May 1991. It grants amnesty for crimes perpetrated before 27 March 1991, as well as crimes against state security. It reduces the death penalty to 20 years hard labor. The draft excludes murders to facilitate theft, or for vile or despicable reasons, as well as crimes of treason, espionage, assassination of heads of state, spiritual and political leaders, diplomats, and other crimes infringing upon honor.

The following is the text of the bill, as distributed by AKHBAR AL-YAWM News Agency:

Article I. General amnesty shall be granted for crimes perpetrated before 27 March 1991 in accordance with conditions set forth in this law.

Article II. This amnesty shall include:

- A. The total penalty for all infractions;
- B. Crimes against internal state security as stipulated in Articles 301 to 318 (penal code); the law of 11 January

1958; legislative ordinance no. 27 dated 5 March 1959. Also stipulating articles in the following military penal codes: from 107 to 113, 120 to 125, and 134; and Articles 73,75,76,77, and 78 of the Law of Arms and Ammunition. All those surrendering arms and ammunition voluntarily will benefit from this amnesty for a one month period from the date this law is published.

C. The total penalty for all minor misdemeanors as judged;

D. Half the penalty for all significant misdemeanors as judged. For application of this law's provisions, significant misdemeanors are considered to be: ordinary theft, forgery, knowingly using a forger, fraud, breach of trust, embezzlement, bad checks, embezzlement of state funds, bribery, perjury under oath, false testimony, extortion, illegal enrichment, adultery and seduction, immorality, incitement to immorality, and excessive usury.

Article III. Criminal penalties, not included in Article II of this law, shall be reduced as follows:

A. The death penalty shall be replaced by 20 years at hard labor;

B. The penalty for life sentence at hard labor shall be replaced by hard labor for 15 years;

C. The remainder of penalties shall be reduced by half, provided that the reduced penalty as stipulated by this law is no less than three years.

Article IV. The following shall be excluded from the provisions of this law:

A. Murder, if perpetrated to facilitate theft, or to conceal a theft, or for a vile or despicable reason;

B. Crimes of treason and espionage, as stipulated in Article 273 and 284 of the penal code;

C. Crimes stipulated in Israeli Boycott Laws;

D. Crimes of assassination of heads of state, spiritual and political leaders, and diplomats;

E. Crimes involving explosives for the purpose of terrorism;

F. Crimes of adulterating foodstuffs and medicines, of various types;

G. Crimes of maritime and air piracy;

H. Financial, banking, and cashier crimes;

I. Crimes involving poisonous chemicals;

J. Crimes pertaining to national antiquities;

K. Crimes of counterfeiting, and circulating, national and foreign currency;

L. Violating the provisions of the income tax law;

M. Crimes involving the sale of real estate to foreigners without a license;

N. Violations of customs laws, tobacco restrictions, etc., by institutions;

O. Crimes of attacks against state, public, and private property, and against sea coasts, as well as crimes against property of individuals;

P. Violations of construction laws and civil ordinances, if the penalty for them is limited to fines. As for prison sentences, they are included in this amnesty in their entirety.

Article V. The head of state, for one year from the date of this law, has the power to issue a special amnesty. He has jurisdiction for general amnesty for crimes of dealing with the enemy, and violations of the Israeli boycott, due to special or exceptional circumstances, in his judgement.

Article VI. This law shall not affect the personal rights pertaining to the state, or to its departments, or to individuals, institutions, and companies. The right of consideration is retained with regard to jurisdiction of criminal courts, either under consideration when this law is promulgated, or under legal prosecution. It retains the capacity for criminal compensation, up to compulsory imprisonment, as stipulated in Article 146 (penal code), and Article 446 of the Law of Principles of Criminal Proceedings.

Article VII. With regard to crimes included in this law, any precedent as of 27 March 1991 shall be permitted, despite stipulations contrary to the judgement allowing causes of extenuation, when available and when required, as stipulated in Article 253 (penal code) and subsequent.

Article VIII. Sentences issued by the Court of Criminal Cassation, the Judicial Council, and the rest of the appellate courts, shall, upon application of this law, be adjudicated by the Cassation Prosecutor General, or his representative. As for sentences issued by other courts, and adjudicated by an appellate prosecutor general, within his powers, in the event of dispute, the matter shall be referred to the Cassation Prosecutor General for final review. Sentences, which are still under consideration, upon application of the provisions of this law, in courts having jurisdiction, shall remain subject to customary review.

Article IX. This law is effective, immediately upon publication in the official gazette.

#### **Survey, Damage Assessment of Villages in Sidon Area**

*91AE0526B Beirut AL-SAFIR in Arabic 15 Jul 91 p 2*

[Article by Muhammad Salih: "Field Survey of Villages East and South of Sidon; Return Limited, Damage Everywhere; Confiscations Create Problems"]

[Excerpts] The army's deployment in villages east of Sidon and the return of calm—missing since 1985—has allowed a large number of their inhabitants to search for their homes and property. They had left their property behind because of events, and went to East Beirut, Khazin, and certain villages in the south.

Many of the villages' features have changed as a result of successive battles, inasmuch as they were on the front-line between militias. Each village became a group of fortifications and earthen barriers through which military trenches and underground rooms were dug, and armored storerooms for weapons built. The houses were converted into barricades, the hills and gardens into artillery positions, and the roads into military corridors. In some villages, corridors were created that should never have been built.

The villages are dispersed along two semi-parallel lines: the first is the Sidon/Khazin axis; and the second, the Sidon/al-Tuffah region axis. They total 25 villages and hamlets.

Located on the Sidon-Khazin axis are:

- Al-Hilaliyah, population 1,535;
- Al-Bramiyah, 1,600;
- 'Abra, 3,600;
- Majdalyun, 1,460;
- Al-Salihiyah, 1,940;
- Kifrayya, 827;
- Kafr Jarrah, 700,
- Wadi B'anqudin, 800;
- Shwaliq, 786;
- Lib'a, 2,100;
- 'Ayn al-Mir, 1,200;
- Marah al-Habbas, 570.

Located on the Sidon-al-Tuffah axis are:

- 'Ayn al-Dulb, population 2,100;
- Al-Qurayyah, 2,615;
- Jinsnaya, 670;
- Al-Mujaydil, 1,465;
- Al-Mharbiyah, 350;
- Baysur, 790;
- Wadi al-Laymun, 452;
- Al-Hassaniyah, 640;
- Barti, 2,057;
- Buslayya, 250;
- Kifrsalal, 670;
- Jarnayya, 2,100;
- Maytula, 700; and,
- Al-Miyah wa al-Miyah, with a population of 3,570, located on a hill, parallel to the town of 'Ayn al-Dulb, but its road is from al-Anjayliyah Circle in Sidon.

Two villages are located northeast of Sidon: Bqusta, population 588; and Karkha, 850. There are two townships located south of Sidon: Darb al-Sim, population 3,200; and Zaghdarayya, 1,000. Both have been included in the army's deployment.

### Condition of Villages

Through a field visit that AL-SAFIR made to those villages, relying on field statistical studies drawn up by the Dar al-'Inayah in al-Salihiyah and other studies by various organizations, it was evident that the present condition of those villages, along with the percentage of returnees, was as follows:

- Al-Hilaliyah: a town with a mixed population of Muslims and Christians. About 20 percent of the Christians homes were totally destroyed, while 80 percent were damaged and confiscated, including one church, which was then destroyed. From 1985 to the present, the percentage of Christians who have returned is no more than 5 percent. Al-Hilaliyah has an elementary and a middle school; both have been completely demolished.
- Al-Bramiyah: 40 percent of the houses destroyed and 60 percent confiscated, including two churches destroyed. A year ago, five families returned to al-Bramiyah, but there are none at present, because the houses have been confiscated. An intermediate school in al-Bramiyah was subjected to acts of destruction.
- 'Abra: All the houses in old 'Abra have been completely destroyed; the houses in new 'Abra were confiscated. Three churches in the town were destroyed. None of old 'Abra's inhabitants have returned, while 10 families returned to new 'Abra and 100 families have demanded houses to replace their confiscated homes so that they can return to live there. A middle school was totally demolished in old 'Abra, while in new 'Abra a private school still operates. However, the Maximus V Hakim Center was confiscated.
- Majdalyun: 90 percent of the houses were damaged, with 2 percent destroyed, along with two churches. The number of returnees totals only 90 families. Families continue to visit the village, demanding their houses and, after the army's deployment, people did recover their houses, even though Palestinians were occupying them. However, houses that were occupied by Lebanese refugees have not been vacated. An elementary school was damaged in Majdalyun.
- Al-Salihiyah: Approximately 80 percent of the houses have been destroyed, of which 15 percent were destroyed by Israel. Two churches were totally destroyed. A year and a half ago, five families returned to the town, but now there is no one because of the destroyed houses. A school in al-Salihiyah was demolished.
- Kifrayya: 40 percent of the houses have been destroyed and 60 percent damaged. One church was destroyed. As of now, none of its inhabitants have returned, but they visit the town during the day and leave at night. An elementary school was damaged.
- Kafr Jarrah: All its houses are damaged, as well as the church; none of its inhabitants have returned because there is no means of livelihood. The elementary school there was also damaged.

- Wadi B'anqudin: All houses damaged, as well as the church; no one has returned. An elementary school was damaged.
- Shwaliq: All houses throughout are damaged, as well as the church and the school. None of its inhabitants has returned.
- Lib'a: 95 percent of the houses and its church were damaged; the remainder were destroyed. Israeli air raids destroyed part of it. It has three elementary schools, a middle school, and a secondary school; all were damaged. About 10 families have returned to Lib'a since the army entered.
- 'Ayn al-Mir: 96 percent of the houses have been damaged, while 4 percent were destroyed. Only seven families have returned since the army was deployed. An elementary school, as well as the church, were damaged.
- Marah al-Habbas: Two percent of the houses were demolished, with 98 percent subjected to damages. The church was also damaged. There is no school, and no inhabitants have returned.
- Karkha: Two percent of the houses were destroyed and 98 percent damaged. Two churches were also damaged. Nearly a year ago, 30 percent of Karkha's population returned. The elementary school was damaged.
- Bqusta: 100 percent of its houses were damaged and all were confiscated. The school and church were both damaged as well. None of the inhabitants have returned because of the confiscated houses.
- Baysur: Two percent of houses were destroyed, with 98 percent damaged, as well as the church and school. After the army entered the area, about 10 families returned.
- Mharbiyah: The inhabitants remained, and did not seek refuge. The church stands unscathed.
- Buslayya: 90 percent of its houses were subjected to damages, including the church. There have been no returnees.
- Barti: The exodus did not last long and the church is undamaged.
- Al-Hassaniyah: Its inhabitants did not flee; some were subjected to robberies. The church is undamaged.
- Wadi al-Laymun: Its inhabitants remained, and some were robbed. The church is intact.
- With regard to the villages of 'Ayn al-Dulb, al-Qurrayah, and Jinsnayya, most of their inhabitants have returned since 1986, and life is normal. As a result of the recent fighting between the army and Palestinians, 10 percent of the houses in Jinsnayya were damaged, 25 percent of the houses in al-Qurrayah, and 20 percent in 'Ayn al-Dulb.
- Al-Mujaydil: 90 percent of the town's houses have been damaged. Immediately after the army was deployed in the area, 25 percent of the inhabitants returned. The church is under construction.
- Al-Miyah wa al-Miyah: 55 percent has been damaged and 45 percent destroyed. Israeli aircraft destroyed a number of houses. Its three churches were damaged. As of now, there have been no returnees. Both an

elementary and an intermediate school were damaged.

- Darb al-Sim: Half of its houses were destroyed and the other half damaged. The church was destroyed; no one has returned.

#### Father Ghazal

Abbot Salim Ghazal, head of the Dar al-'Inayah in al-Salihyah, explained the reason for the limited return of inhabitants. He said: "The people are waiting for help, because the catastrophe is enormous. An individual, a citizen, a group, or even one organization cannot deal with the consequences. The refugees' return requires planning by the government, a supreme reconstruction agency, and aid from friendly and brotherly nations."

The abbot pointed out that damage to the infrastructure was total and that there were barricades and pits in most buildings. He said: "There is a need for bulldozers to get rid of them, and an engineering team to dispose of mines."

He called on the government to pay initial sums to the people to make any possible repairs and to form a reconstruction council for the eastern Sidon villages, which could be linked to the south's council, to the Council of Development and Reconstruction, or to the Ministry of Public Works. The abbot stressed the importance of bypassing administrative routine and of expediting the work. This would allow the refugees' return to be peaceful and free from clamor.

Abbot Ghazal said: "It is not just the return of Christians that is wanted, but rather, the return of all refugees in all of Lebanon. This must certainly be dealt with before winter."

#### With the Returnees

Writer Emil Iskandar from 'Ayn al-Mir said: "The return of the Christians must be peaceful, and we must have close relations with all groups in the area so that we don't fall into future traps. The basis of return is contentment with living as brothers, regardless of what religion, sect, or group we belong to."

Nicola Iskandar said: "I have searched the house, but found nothing. It was completely burned. The government must pay financial assistance, so that we can restore and, ultimately, return. It is not important where this aid comes from; it is a charitable deed."

Yusuf Najm from Kifrayya: "I returned two days ago and found my house in acceptable condition. My family's house was wrecked. Both need to be restored. We need to open the roads, get rid of the barriers, and insure water and electricity."

The parish priest of al-Miyah wa al-Miyah, Father Hani Francis, welcomed the return of the legitimate government and the army's deployment. He said: "We are all confident that the state will be respected as it extends its authority among the people." He asked the government to help the people to repair their houses and to provide water and electricity to expedite their return.

Ilyas al-Hayik from al-Miyah wa al-Miyah declared: "We call on the state to help us, because we recognize only the state, and we will only go to the state. We want to return, no matter the circumstances, despite the fact my house might be destroyed."

Rulla Mu'mari from Majdalyun: "I returned about a week ago. I found our house occupied by a Lebanese. We turned to Archbishop George Kuwayti, in order to provide means for our return."

Nazih Mu'mari from Majdalyun: "We are asking the government to help us. We call on everyone to bear responsibility for what has happened to us, because we were the victims. How can we return? Nothing has been provided for us so far!"

Bassam Mahfuz from Lib'a: I returned two days ago; my house was destroyed. I slept in one of the houses in the village. I will not leave the area; I will not emigrate again. I ask the state to take care of this area that has been struck by an earthquake."

Hanna and Rita Na'mah said: "We returned two days ago to Lib'a and found vast destruction. Our house was destroyed and needs to be rebuilt. We will repair it as much as possible because we shall stay here. We hope the government makes a field assessment of the extent of the damages, so that a study can be made, commensurate with the villages' condition, because the people alone cannot repair their homes."

Shadi Ra'd returned with his family to Lib'a last Sunday. He said: "The house was damaged, but can be repaired. The government must help us, and we shall stay here."

Yusuf Mahfuz from Lib'a: Our house was damaged and I cannot rebuild it alone. The state must help us. I shall stay here, even if I have to sleep in a tent."

William Hanna from Bqusta said: "I returned a year ago. I took possession of my land and my damaged house, which needs to be reconstructed. I shall remain here because we built this, and Sidon is our city."

Hanna Sa'id Najm from 'Ayn al-Mir: "We watched the house every day with binoculars from the Rum Hills, so that I could see whether it had been blown up or damaged. I did not believe the report about returning. I came back as soon as the army entered. I have begun to repair the house."

George Najm from 'Ayn al-Mir: "When the 'Ayn al-Mir road was opened, I returned at once to my house. I hope that the cabinet adopts a decision that is appropriate for the extent of the damage, especially since the houses need to be rebuilt." [passage omitted]

### Cabinet To Remove Immunity From Employees

91AE0526C London AL-HAYAH in Arabic 19 Jul 91  
p 2

[Article: "Lebanese Cabinet Decides To Remove Immunity From Employees"]

[Text] On 18 July 1991, the Lebanese Cabinet met *in camera*. They convened to look into administrative reform, and agreed to lift immunity from employees. It also decided to facilitate resignations, amid information about similar approval to rely on principles of constructive, administrative reform, before issuing appointment decrees.

The cabinet resumed its secret meeting, which began on 17 July, chaired by President Ilyas al-Hawari and attended by Prime Minister 'Umar Karami and the ministers. AL-HAYAH has learned that it was decided to hold two sessions a week to complete the study of personnel files, provided that the work be completed by the end of August.

The cabinet held two sessions: the first from 1030 to 1430 and the second from 1700 to 2100. They discussed the paper on administrative reform, submitted by Minister of State Zahir al-Khatib, and the proposals drawn from it by Prime Minister Karami. They then discussed sectarian and affiliational appointments, jobs for political partisans, jobs for employees, and performance in general.

Two lists were distributed to the ministers: the first included the names of employees of the first rank in public departments and their sectarian affiliation; the second, the names of employees of the first rank in public institutions and their sectarian affiliations. Heated discussions took place among the ministers regarding personnel appointments, and the subject of first rank employees monopolized the discussions. One should note that the names are not final.

The ministers held secondary meetings shortly before the private session began. One of the ministers, in response to a question about the date the private sessions would be concluded, told reporters: "God only knows, because the reports are guarded."

Minister Nabih Birri told reporters, as he entered the presidential headquarters, "You should be concentrating on what happened yesterday in the south and in the western Biqa' Valley, and not be content with what is happening here."

### Official Information

After the end of the first session, the ministers refused to make statements. Minister of State Rujih Dib was content to say: "The most important decision made was to keep quiet about what the discussions entailed."

As for Minister of Information Albert Mansur, he gave out the following official information: "In its morning

session, the cabinet approved basic matters, including confirming the ban on affiliational and arbitrary appointments, and agreed that appointments should be made on the basis of competence and competition. The second issue pertained to the performance of those under contract, and all those who deal with and work by invoice at the present time in state departments. The cabinet has decided to send the draft of a public law to Parliament to extend Law Number 58/82 and its ratification to absorb these employees in limited competition on the basis of competence and vacant positions until the law is issued, and to open the way for resignations for those who wish to resign. As for those who can be absorbed, it will be on the basis of competence and vacant positions; with regard to those who cannot be absorbed, this will be considered later."

Regarding personnel appointments, Mansur said: "We have not yet reached this matter; it is still early. We want to finish the general principles, and then study the appointment structure in each ministry."

Minister of State Nabih Birri spoke about the activities *in camera*: "We have completed the draft on lifting immunity. It is assumed that it will be submitted to us this afternoon (18 July). We have begun matters pertaining to the ministry, as well as on the subject of political parties and sectarian organizations in the country. Matters are moving forward; we have time."

Is there a veto on employing partisan politicians? Birri replied: "If there is a veto, what are we doing here? Aren't we partisan politicians?"

In the discussions of the paper by Minister of State for Administrative Reform Zahir al-Khatib, Prime Minister Karami opposed creating a ministry of the environment, stating that it was sufficient to have a directorate of the environment, and opposed abolishing a number of independent agencies. Finance Minister 'Ali al-Khalil supported al-Khatib's draft. Minister Mansur called for a ministry of planning and rejected the idea of appointing partisans to the administration. The debate went on, and competition became heated between Mansur and Nabih Birri, who insisted on the appointment of partisans because the constitution guarantees freedom of expression. He accused Mansur of appointing those partisans, whom he thinks will look after his interests. Mansur attacked the director general of the Ministry of Information, Dr. Ayyub Hamid (from the Amal Movement), accusing him of insubordination to the minister and exceeding his authority, while Birri accused Mansur of disregarding the director general's powers.

More than one minister spoke of the obligation to depend on competence, not sectarian apportionment, in appointments. The ministers were unanimous on the need to remove immunity from employees, as proposed in al-Khatib's draft. Minister of State 'Abdallah al-Amin talked about the obligation to modernize the administration, while Minister of Agriculture Muhsin Dalul

demanded that his ministry be strengthened, because that would mean increased revenue for the state treasury from a major sector.

In the evening session of the private meeting, debate centered around the principle of appointing partisans to public positions. The ministers were divided, but ministerial sources told AL-HAYAH that an agreement was ultimately reached on a package of principles for appointments:

- Balance and equality in first rank appointments, provided that no directorate be restricted to any sect or ideology;
- Reliance on competence, by abolishing sectarianism in all posts to which the appointment is being made, by competition and examination through the Civil Service Council;
- Freedom of union affiliation for employees, with no prohibition against appointment of partisans, along with drawing up rules for the depoliticizing of positions.

## MOROCCO

### Reports of Government, Fundamentalist Talks

#### Legalization of Group

91AA0530A London AL-SHARQ AL-AWSAT in Arabic  
27 Jun 91 p 4

[Article by Munsif al-Sulaymi: "Fundamentalist 'Justice and Charity Group' To Be Licensed Shortly To Operate Within Framework of Morocco's Legitimacy"]

[Text] Rabat—AL-SHARQ AL-AWSAT Bureau—Informed sources have assured AL-SHARQ AL-AWSAT that the Moroccan authorities have notified the Justice and Charity Group, headed by Abdesselam Yacine, of their wish to settle this group's legal conditions.

The sources noted that dialogue goes on between Moroccan Government officials and the Justice and Charity Group leaders. Some of the Group's Leadership Bureau members had been arrested and Abdesselam Yacine is subjected to security surveillance.

The sources added that the dialogue revolves around the political bases on which it will be agreed to grant the Justice and Charity Group the license to operate.

On their part, sources close to the Moroccan Government have confirmed that Morocco's policy vis-a-vis all the political organizations and bodies that wish to operate legally is based on adherence to legitimacy.

According to the explanations of these sources, the matter pertains to respect for the law and adherence to the monarchic regime which exists in Morocco and whose roots date back to the Islamic conquest.

The sources added that Morocco relies on flexible tendencies to deal with political problems in a manner that spares it the upheavals and riots that are being witnessed by some of the neighboring countries. This approach is particularly attributable to the nature of the regime existing in Morocco.

According to these sources, what is important is adherence to the principles of legitimacy and respect for the rules of the game. This is different from the conditions in some neighboring countries where the head of state belongs to the ruling party.

The "group" sources have, on their part, underlined their acknowledgment of the rules of legitimacy and their adherence to the dictates of the state of laws. These sources believe that the lapse of a few months will, perhaps, be enough to initiate dialogue within the group to crystallize a number of bases that constitute a program for the coming phase. It may be understood from the latter point that the "group" has to wait for the lapse of the remaining period of the prison term being served by members of the Guidance Bureau, considered the group's executive council.

In a related development, sources of the Ministry of Awqaf and Islamic Affairs have said that a decision may be made to delay until next October the Islamic Awakening Summer Symposium for which preparations were started last August with the purpose of holding a dialogue on the most important Islamic issues. By this date, matters may crystallize and the tendencies for dealing with the fundamentalist issue in a final manner may become clear, i.e., this date may permit organizing a "symposium" in which leaderships of all the fundamentalist groups, including Abdesselam Yacine's group, participate.

Observers see that even though the basic constants of the Moroccan Government's behavior continue to be stamped with the principles of "dialogue" and "adherence to legitimacy," some sort of a shift has occurred recently, considering that the idea based on the legal licensing of the moderate factions within the fundamentalist tendency has been reexamined. This matter concerns in particular the "fundamentalist group" headed by (Abd el Ilah Ben Kiran), manager of AL-RAYAH newspaper. But this tendency has not been able to comprehend the developments and the manifestations they have produced.

In this regard, the matter is also connected with the emergence of the Justice and Charity Group as a group with a strong popular influence during the activities witnessed by Morocco recently, including the demonstration staged on 3 February 1991 and the demonstration staged in June 1990 in support of the Palestinian people. The latest such demonstration came in the celebration organized by the Moroccan trade unions on 1 May 1991 on the occasion of Labor Day.

It can be said that the most significant quality characterizing the said activities was the dense presence of the

fundamentalists with their various factions and tendencies. Observers believe that this presence was characterized by discipline, whether organizational or in terms of slogans raised. This was understood to be a confirmation on the part of the fundamentalists of their adherence to the "rules of the game" and showed that what is important to them is to participate and contribute.

Morocco's parties, polarized by the forthcoming elections, view what is happening to them with extreme caution. Though the parties feel ecstatic as a result of the popular response to their calls—a response which they consider to be progress over the previous phase which was characterized by inactivity—this ecstasy is tinged with caution vis-a-vis the phenomenon of the growing fundamentalist presence in the activities of these parties which often resort to coordination and unification to control this presence.

While some parties continue to live in a state of perplexity reflected in the lengthy debates held in their leadership councils, and even among their mid-level cadres, others have tried and continue to try to draw the fundamentalist groups closer to them.

These endeavors move in two directions: The first is based on endeavors by some parties to establish bridges with the fundamentalist groups and, perhaps, with proposals for merging this or that tendency, or a part thereof, in this or that party.

The other direction is based on an endeavor to revive some organizations whose political presence has faded away but some of whose historical symbols continue to enjoy moral influence among the Islamic organizations themselves.

Whereas the Moroccan parties' position on this issue is characterized by reluctance and question marks, it seems that the Moroccan Government believes that the internal and external political conditions compel it to deal with this dossier comprehensively. This may result in the adoption of important political decisions on some issues which Moroccan officials wish to deal with in a manner that secures for Morocco a strong and united position with which to wage the referendum that the United Nations will conduct on the Sahara conflict this year.

It is to be noted that the Moroccan parties and organizations, including the fundamentalist groups, are unanimous on the Sahara's Moroccan identity. This is a principle that has created a significant background for the political scene in Morocco since 1975, the year in which the Sahara conflict erupted.

#### Islamic Affairs Minister Interview

9JAA0530B London AL-SHARQ AL-AWSAT in Arabic  
4 Jul 91 pp 1, 4

[Report on Interview with Moroccan Minister of Awqaf Abdelkabar Alaoui M'daghri by Munsif al-Sulaymi;

"Moroccan Minister of Awqaf to AL-SHARQ AL-AWSAT: Dialogue With Islamic Groups Conducted Directly or by Proxy;" place and date not given]

[Text] Rabat—AL-SHARQ AL-AWSAT Bureau—Dr. Abdelkabar Alaoui M'daghri, Morocco's minister of awqaf and Islamic affairs, has asserted that dialogue between the Moroccan Government and the Islamic groups, including the Justice and Charity Group that is headed by Abdesselam Yacine, is actually going on. But he pointed out that it is taking place at various levels.

In response to a question on initiating dialogue with the Justice and Charity Group and the possibility of licensing this movement legally, M'daghri has told AL-SHARQ AL-AWSAT that "dialogue with the Islamic groups is taking place at various levels," pointing out that "some of these groups have reached a level that permits initiating direct dialogue with them whereas others are still in the stage of indirect dialogue."

He implied that the Moroccan officials' dialogue with the Justice and Charity Group has been indirect.

Responding to what has been reported about the possibility of licensing this group legally, the Moroccan official noted that "this is more of an indication of projected ideas than of facts," pointing out that the Justice and Charity Group is a Moroccan Islamic group "which has a viewpoint that we respect on a number of issues."

In his statements to AL-SHARQ AL-AWSAT, the Moroccan official asserted that the officially licensed name of the group headed by Abdesselam Yacine is the Islamic Charitable Association. He added that "what this group has been faulted for is its eagerness to operate as the Justice and Charity Group, a name under which it has not been licensed to operate, and to issue pamphlets, magazines, and publications under this name. This is considered a violation of the law."

M'daghri noted that "any action beyond the bounds of the law or of legitimacy cannot be beneficial to us." He urged everybody to respect law and legitimacy, pointing out that the "Moroccan Government sees that dialogue is the path to solve such problems."

The Moroccan official expressed his optimism and his conviction that "Morocco's active Islamic groups have enough loyalty to their religion, Morocco, and its king to permit continuing the dialogue to its farthest limit." He pointed out that the absence of dialogue in previous phases "led to the creation of dark suspicions on both sides." But he added that the "dialogue experience has demonstrated that those suspicions are groundless" and expressed the belief that "this is an element that will permit fruitful cooperation between the state agencies, the ulema, and the missionaries calling for what is in the interest of Islam and the Muslims."

In a related development, Morocco's minister of awqaf and religious trusts has stressed that the "Islamic Awakening Summer Symposium" will be held on schedule,

i.e., at the end of next August, adding that "Islamic groups and associations will participate effectively." He expressed the hope that the Summer Symposium, which is organized annually and in which Islamic ulema and intellectuals from Morocco and other countries participate, "will be another occasion to renew the meeting and entrench the dialogue."

During the reception he gave the delegations participating in last year's Summer Symposium, King Hassan II of Morocco urged that the 1991 symposium focus on the "role of Islamic educational guidance in building modern society."

### Call For Return of Suffering Emigrants

91AA051C Rabat L'OPINION in French 17 Jul 91 p 5

[Editorial by Naima Ennazi: "Let's Prepare To Welcome Them Back"]

[Text] Anti-immigration policies, repeated expulsions, and the ordeals our emigrants must endure in order to obtain visas or renew papers have put our TMEs [Moroccan Emigrant Workers?] in an unenviable situation.

But why is the problem of immigrants being discussed now, and not earlier?

The simple reason is that before now, Europe—to take only one case—needed the "reserve army" that workers with few or no skills represent, workers willing to leave their land, their families, and their nation to go to work for a rich, economically expanding neighbor that promised them better pay and better social benefits. However, that did not turn out to be the case, as is evident in the wretched conditions in which emigrants spend their lives earning meager amounts of foreign currency.

In fact, these workers were brought in precisely because they could be paid low wages, which were key to gaining the economic advantage in those days, and Moroccans made serious, undemanding workers.

Starting back then, given the advantages gained from them, these countries accepted immigrants without restrictions, and that fostered waves of immigration.

Unfortunately, the favorable conditions are no longer present. Indeed, for years these countries have been experiencing enormous economic problems, including inflation and unemployment which in and of themselves have upset the Western economies and, by the same token, the economies of the developing countries.

In particular, the problem of unemployment triggers racist reactions toward guest workers holding stable jobs. Fearing sociopolitical destabilization, the governments of these countries prefer to sacrifice their "cheap labor" in order to appease public opinion. It should also be noted that governmental declarations are consistently issued shortly before elections or a political event. That is the case seen from a sociopolitical point of view. From

a purely economic point of view, these countries are aware of the fact that competitiveness is no longer rooted in cheap labor. Instead, it depends upon such other factors as product quality, technological innovation, diversification, and marketing. Consequently, although these countries continue to have a need for low-paid workers, that need is not so imperative or extensive as it was years ago. But let us state clearly that responsibility for the problem of immigration lies more with the rich countries, because they encouraged it without truly regulating it. They came looking for workers in the workers' homeland; we did not go to them offering our services. It is therefore their problem first, before it is ours.

Still, it is certain that we should not leave our emigrants in the hands of these governments whose positions vary from favor to condemnation.

For its part, Morocco must adhere to a policy aimed at repatriating those who are suffering from the ills of anti-immigration sentiment, and help them to resettle, readjust, and feel at home. The creation of a ministry of immigration proves that Morocco is not indifferent to the problem. In addition to that, the political, social, and (above all) economic conditions must be brought into place.

Let us benefit from the emigrants' know-how and technical knowledge to revitalize our economy and, at the same time, enable them to make stable lives for themselves. The TMEs are the best equipped to set up efficient small- and medium-sized businesses, which would also create new jobs for some of the unemployed. So, let's give them our support, both financial and moral, because they are an invaluable resource that must be managed wisely.

#### First Quarter Imports, Exports Increase

91AA0507C Casablanca LA VIE ECONOMIQUE  
in French 28 Jun 91 p 24

[Text] After being affected adversely by the Gulf crisis during the first two months of the year, exports improved in March. So much so that at the end of the first quarter, they were up slightly (+1.1 percent).

For their part, imports rose by 12.9 percent during the first three months of the year.

Result: the trade deficit deteriorated a further 32.6 percent.

Change in Exports (in millions of dirhams)		
Description	1st quarter 1990	1st quarter 1991
Food, beverages, and tobacco	2,037.0	2,104.1
Citrus fruit	503.9	439.0

Canned fish	206.6	275.7
Canned vegetables	167.0	204.7
Energy and lubricants	192.5	314.1
Crude animal and vegetable products	500.8	330.7
Olive oil	182.5	0.8
Crude mineral products	990.2	723.7
Phosphates	729.3	528.5
Semimanufactures	1,706.6	1,660.0
Fertilizers	523.4	714.8
Phosphoric acid	692.0	360.5
Agricultural equipment goods	2.3	2.0
Industrial equipment goods	199.1	328.6
Consumer goods	2,076.9	2,328.6
Carpets	122.1	102.6
Hosiery	429.9	512.5
Clothing	852.8	1,008.1
Total	7,705.5	7,791.8

By type of product, the most noticeable changes in the food and food- processing sector were those affecting canned fish and canned vegetables, both of which were up considerably.

Exports by the OCP [Moroccan Phosphates Office] group are characterized by the growing importance of fertilizers. Last, sales of clothing and hosiery products showed relative improvement despite the Gulf crisis.

#### Change in Imports (in millions of dirhams)

Description	1st quarter 1990	1st quarter 1991
Food, beverages, and tobacco	1,437.4	1,310.8
Wheat	367.8	388.4
Sugar	392.8	233.5
Energy and lubricants	1,825.9	2,463.9
Crude petroleum	1,561.7	2,011.1
Crude animal and vegetable products	711.4	899.4
Crude mineral products	622.3	474.5
Bulfur	421.0	211.9
Semimanufactures	3,154.0	3,537.1
Agricultural equipment goods	110.0	113.2
Industrial equipment goods	3,055.9	3,479.8
Consumer goods	1,417.7	1,650.2
Total	12,334.7	13,928.9

Source: Foreign Exchange Office.

Change in Trade Balance (in millions of dirhams)			
Description	Jan-Mar 90	Jan-Mar 91	Change (%)
Imports	12,334.7	13,928.9	+12.9
Exports	7,705.5	7,791.8	+1.1
Balance	-4,629.2	-6,137.1	+32.6
Rate of cover (%)	62.5	55.9	-

Source: Foreign Exchange Office.

The change in imports is characterized by the noticeable rise in purchases of semimanufactures, industrial equipment goods, and petroleum.

### Wholesale, Retail Prices Rise in Apr

91AA0507B Casablanca LA VIE ECONOMIQUE  
in French 28 Jun 91 p 22

[Text] The Directorate of Statistics has just published the figures for April 1991 with commendable promptness. In comparison with the preceding month, the changes are as follows:

Retail price index: 454.1 compared to 448.5, for a 1.3-percent increase.

Wholesale price index: 296.6 compared to 296.4, for a 0.1-percent increase.

### Retail Prices: Up 8.7 Percent in One Year

In April 1991, the cost of living index (201 items) totaled 454.1, compared to 448.5 the month before, for an increase of 1.3 percent.

All product groups contributed to that change, the only exception being clothing, where the index did not vary.

The index for the food group showed a rise of 1.5 percent, chiefly as a result of price changes in the following subgroups: fresh vegetables (+7.1 percent), spices and condiments (+8.4 percent), eggs (+4.3 percent), fresh fruit (+3.7 percent), meat (+2.8 percent), other beverages (+1.2 percent), fish (-4.1 percent), aromatic plants (-3.3 percent), and dried fruit (-2.3 percent).

For its part, the index for the transportation, leisure, and miscellaneous group was up by 1.4 percent, chiefly because of changes in the cost of private transportation (+1.1 percent), miscellaneous expenses (+2.1 percent), and public transportation (+2.4 percent).

In the case of housing, the index rose by 0.9 percent. The main changes in the subgroups were as follows: heat, light, and water (+2.3 percent), rent (+0.5 percent), maintenance and repair (+0.9 percent), and household appliances (+0.7 percent).

Last, the index for supplies, hygiene, and personal care showed an increase of 0.4 percent due to changes in the price of cleaning services (+1.4 percent) and grooming services (+0.5 percent).

We also note that the cost of living index for April 1991 is up by 8.7 percent compared to the same month in 1990, while the average index for the first four months of 1991 is up 7.3 percent over the same period in 1990.

By city, the rate of increase varied considerably during April:

Fez: +1.8 percent.

Casablanca: +1.5 percent.

Tetouan: +1.1 percent.

Kenitra: +1.1 percent.

Oujda: +1 percent.

Rabat: +1 percent.

Marrakech: +0.6 percent.

Agadir: +0.2 percent.

General average: +1.3 percent.

There is one interesting phenomenon to be noted, and that is the price change in tourist cities such as Marrakech and Agadir.

At the end of March, those two cities were still the most expensive cities, with high indexes: 468.7 for Marrakech and 467.1 for Agadir.

The crisis in tourism that has existed since the start of the year has hurt consumption, and those are the two cities that experienced the smallest rates of increase: 0.6 and 0.2 percent.

Here are tables summarizing the changes in the retail price index in April (1972-1973 = 100).

Price Index Change by Product Group			
Description	March 91	April 91	Change (%)
Food	465.6	472.5	+1.5
Clothing	361.1	361.3	-
Housing	374.5	377.8	+0.9
Supplies, personal care	344.1	345.4	+0.4
Transportation, leisure	523.9	531.3	+1.4
Grand total	448.5	454.1	+1.3

**Price Index Change by City**

City	March 91	April 91	Change (%)
Casablanca	454.8	461.8	+1.5
Rabat	464.2	468.8	+1
Fez	448.0	455.9	+1.8
Tetouan	425.4	430.3	+1.1
Kenitra	406.1	410.4	+1.1
Marrakech	468.7	471.5	+0.6
Oujda	440.6	445.0	+1.0
Agadir	467.1	468.0	+0.2
Total	448.5	454.1	+1.3

We note that the gap between the most expensive city (Marrakech) and the least expensive city (Kenitra) is on the order of 15 percent!

**Wholesale Prices: Up 7.3 Percent in One Year**

In April 1991, the wholesale price index totaled 296.6, compared to 296.4 the month before, for an increase of 0.1 percent.

That net increase was the result of a decrease in the agricultural sector (-0.1 percent) and an increase in the industrial sector (+0.2 percent).

The decrease recorded in the agricultural sector was due basically to fisheries products (-7.4 percent), especially "first-quality fish" (-19.3 percent), and to cereals and dry legumes (-3.5 percent), especially winter cereals (-5.1 percent).

In the industrial sector, the recorded increase (+0.2 percent) was due partly to price changes in the food industry (+0.6 percent), especially "other products of the food industry" (+0.9 percent), and partly to "other light industries" (+0.3 percent), especially chemicals and paracetals (+0.7 percent). We also note that the wholesale price index for April 1991 was up 7.3 percent compared to its level in the same month of 1990, while the average index for the first four months of 1991 was up 8.4 percent compared to the same period in 1991.

The most significant changes were the following (in percentages):

Increases: food products: +0.6; transportation equipment: +1.1; and chemicals and paracetals: +0.7.

Decreases: leather and footwear: -1.8; and metallurgical products: -4.5.

In the case of food products, the most significant changes were as follows (in percentages):

Increases: spring cereals: +6.9; legumes: +1.6; raw tobacco: +17.1; plant fibers: +6.3; tea and coffee: +1.1; green condiments: +14.6; poultry: +17.1; and third-quality fish: +9.

Decreases: winter cereals: -5.1; green legumes: -3.9; mint: -1.2; citrus fruit: -4.0; first-quality fish: -19.3; and second-quality fish: -19.2.

**SAUDI ARABIA**

**Biographies of Two Recent Ministers**

91AE0541A London AL-SHARQ AL-AWSAT in Arabic 1 Aug 91 p 1

[Article by Muhammad al-Tunisi: "Two New Ministers in Saudi Government"]

[Text] The Saudi Government made three changes on 31 July by introducing two new ministers into the cabinet—one for municipal and rural affairs, and the other for planning—while the portfolio of higher education was given to the [outgoing] minister of municipal and rural affairs.

According to the Saudi News Agency, three royal decrees were issued appointing Dr. Khalid Ibn Muhammad al-'Anqari as minister of higher education, Dr. 'Abd-al-Wahhab Ibn 'Abd-al-Salam al-'Atar as minister of planning, and Dr. Muhammad Ibn 'Abd-al-'Aziz Ibn 'Abdallah Ibn Hasan Al-al-Shaykh as minister of municipal and rural affairs.

The two new Saudi ministers are being given ministerial posts for the first time. Dr. al-'Atar, who assumes the post of planning, has been governor of the General Organization for Technical Education and Vocational Training since 1980. However, prior to that, he worked in the Ministry of Planning for two periods of time: the first in the Supreme Planning Council, after having obtained a degree in economics from Cairo University in 1962; and the second as director general for research in the Central Planning Board (presently the Ministry of Planning), after returning with his doctorate in economics from the University of Southern California in 1969. He is still a member of the Board of Directors of Saudi ARAMCO, and he chairs the Board of Technical Colleges. He was born in Mecca.

Dr. Muhammad Al-al-Shaykh, 44, is the new minister of municipal and rural affairs. He came to the cabinet from the Supreme Board of Riyadh City Development, in which he has worked since 1985 as a member, and then chief, of the Center for Streets. He was on loan from King Sa'ud University, where he taught civil engineering, the field in which he obtained his doctorate from the University of California-Berkeley. He was also dean of the Engineering College of al-Umm University in his country for three years. He was born in Riyadh.

The new Saudi ministerial moves are notable for being the broadest movement of appointments at one time since the Saudi Cabinet reshuffle in 1985. Since that time, there have been nine ministerial changes at various times.

In the Ministry of Higher Education, change occurred because of the death of Shaykh Hasan Ibn 'Abdallah Al-al-Shaykh. That portfolio (acting) was then given to Dr. 'Abd-al-'Aziz al-Kuwaytir, the minister of education. In the new arrangement, Dr. Khalid al-'Anqari is the

third minister to have the higher education post since the reshuffle of the Saudi Cabinet.

When the Ministry of Planning was established as the Central Planning Board during the reign of King Faysal, its portfolio was given to Hisham Nazir, who retained it as acting minister after assuming the post of minister of oil and mineral resources in 1986, until it was taken over by the new minister, Dr. al-'Atar.

The Ministry of Oil and Mineral Resources has had one change; Hisham Nazir was preceded by Ahmad Zaki Yamani.

The Ministry of Municipal and Rural Affairs, with the appointment of Dr. Al-al-Shaykh, has had three ministers since 1985. Its first minister was Prince Majid Ibn 'Abd-al-'Aziz, the current Amir of Mecca Province, followed by Ibrahim al-'Anqari, current advisor to the custodian of the two holy mosques. Al-'Anqari had been transferred from the Ministry of Labor and Social Affairs, which was later taken over by Muhammad al-Fa'iz, who is still minister. Ibrahim al-'Anqari was succeeded as minister of municipal and rural affairs by Dr. Khalid al-'Anqari, the new minister of higher education.

In the Ministry of Industry and Electricity, Engineer 'Abd-al-'Aziz al-Zamil succeeded Dr. Ghazi al-Qusaybi, who was appointed minister of health, succeeding Dr. Husayn al-Jaza'iri. The Ministry of Health portfolio was next given to Faysal al-Hujaylan, who had been the Saudi ambassador in Washington.

With regard to the Ministry of Information, 'Ali al-Sha'ir is the fourth minister since the ministry was established in 1962; at that time, the minister was Jamil al-Hujaylan, the present Saudi ambassador in Paris. He was succeeded by Ibrahim al-'Anqari, the special advisor to the custodian of the two holy mosques, and by Dr. Muhammad 'Abduh Yamani.

The Ministry of Justice was recently given to Shaykh Muhammad 'Abdallah Ibn Jabir, the successor of Shaykh Ibrahim Ibn Muhammad Ibn Ibrahim Al-al-Shaykh.

The Ministry of Communications has had one change; Husayn Mansuri succeeded Muhammad 'Umar Tawfiq.

### **Strict Audits Assure Banks' Integrity**

*91AE0541B London AL-MAJALLAH in Arabic  
23 Jul 91 p 18*

[Article: "Saudi Banking Regulations"]

[Text] The Saudi Arabian Monetary Authority [SAMA] has imposed strict controls on financial and banking institutions in Saudi Arabia, in terms of cash liquidity. The banking control regulations in Saudi Arabia stipulate that operating banks must maintain a liquidity ratio of not less than 20 percent of its total deposit obligations.

Throughout their history, Saudi banks have maintained very high liquidity averages, which help them meet any sudden withdrawals, or any specific requirements in crises.

### **Rate of Capital Solvency**

In one of its articles, the regulation prohibits banks from having deposit obligations of more than 15 [percent] of shareholder entitlements. If those obligations increase more than this rate, the authority can sequester an amount equivalent to 50 percent of the increased amount, for the purpose of limiting temporary expansion of deposit acquisition.

### **Adequate Capital**

SAMA has applied traditional percentages to the banks pertaining to the extent of sufficient capital (the ratio of shareholder entitlements to total assets). Recently the Basle Committee set the new form and framework for the matter of sufficient capital, which will be applied by the end of 1992. This requires each bank to dedicate a minimum of 8 percent of total significant assets. Through the Gulf Cooperation Council, SAMA will prepare a similar program, which will be applied the beginning of next year.

It is worth noting that the first application will point out that Saudi banks will encounter no difficulty in achieving the 8 percent, inasmuch as some of them probably will achieve twice that percentage.

### **Loans**

Saudi Arabian banks are not permitted to grant a loan to any one client in an amount that exceeds 25 percent of shareholder entitlements. It is desirable to distribute the risk over a group of borrowers, rather than concentrate the risk on one client. Moreover, there are other restrictions on foreign loans (to foreign quarters) either in Saudi riyals or other currencies. SAMA prohibits banks from entering into joint loans with other banks, except after obtaining prior approval from SAMA.

### **Opening Accounts**

Banks are not permitted to open accounts for persons not residing in Saudi Arabia, except with official permission. This is to avoid operations that might result in problems by owners of these accounts.

### **Investment**

There is a group of restrictions concerning investment. Banks are encouraged to increase their domestic investment holdings, but should not enter into projects that are inconsistent with their work, such as commercial or agricultural activities, etc. Moreover, they should not enter into speculative activities involving shares of foreign companies.

### **Agricultural Sector Begins Exporting Food**

91AE0478A Riyadh AL-RIYAD in Arabic  
17 Jun 91 p 25

[Article by 'Abdallah Muhammad al-Kuthayri]

[Text] During the past decade, the kingdom has gone beyond the stage of self-sufficiency in most basic food-stuffs to the stage of exporting wheat, dates, vegetables, and eggs. For this we can thank God and then thank the colossal efforts made by the kingdom to support the agricultural sector and provide all the resources for a revival, in spite of the difficult conditions which the kingdom faced in doing so.

When we review the figures of some of the basic food-stuffs, we see that during the past decade wheat production rose from 3,000 tons to 2.6 million tons, and that the production of chicken rose from 9,000 tons to about 200,000 tons; likewise date production rose from 200,000 tons to 500,000 tons, and the production of vegetables, eggs, and dairy products also doubled.

Increasing pride and admiration is the fact that the kingdom has begun to export after having reached the stage of self-sufficiency, such that during the period from March 1987 to March 1989 it exported about 1.4 million tons of wheat to certain Arab, European, Asian, and African states, in addition to exporting vegetables to certain Arab Gulf and European states, including Britain, France, and Belgium.

The agricultural revival in the kingdom provides a big incentive to many developing states, especially the Arab states, to turn to the agricultural sector and give it a lot of care and attention.

Our Arab nation is a refuge of fertile lands which encourage one to direct attention to agricultural production. They lack nothing but more attention, support, and encouragement of all resources to attain abundant agricultural production that will help achieve Arab self-sufficiency in food, thus achieving Arab food security. The high quality enjoyed by Egyptian and Sudanese cotton in world markets suffices us to encourage production.

Turning to agricultural development, developing all resources, and concentrating on encouraging production in this important sector will ultimately lead, God willing, to self-sufficiency in foodstuffs in the Arab nation, which will naturally lead to economic freedom and freedom of economic and political decision making, which is an important and vital goal. The agricultural revival in the kingdom is the best evidence of that.

### **Growth Seen in Electricity Sector**

91AE0432A Riyadh AL-JAZIRAH in Arabic

[Article: "In Report on Development of Kingdom's Electricity Sector: Electric Service Delivered to 5,545 Towns, Villages, and Hamlets by End of 1989; Electricity

Conveyed to 2,367,000 Subscribers Ranging from Home to Factory, Farm, Mosque, and Government Department"]

[Text] Through its development plans, the government has been able to disseminate and supply electricity to the kingdom's towns, villages, and hamlets, with electricity networks stretching for thousands of kilometers to cover most parts of the kingdom.

Concerted efforts were made to deliver the electricity service to all parts of the kingdom. By the end of 1989, electricity was supplied to 5,545 towns, villages, and hamlets. In 1989, electricity was supplied to 357 villages and hamlets. By the end of 1989, electricity was supplied to nearly 2,367,000 subscribers.

According to a report issued by the Ministry of Industry and Electricity, and transmitted by the SAUDI NEWS AGENCY, on development of the kingdom's electricity sector, the kingdom's power-generating capacity developed greatly, both quantitatively and qualitatively, within few years. Quantitatively, the generating capacity of all of the kingdom's electricity projects and companies multiplied many times, amounting to 16,500 megawatts by the end of 1989, which is more than 14 times the capacity available in (1974). Qualitatively, the kingdom's electricity sector has undergone development embodied in the tendency to use high-capacity steam plants to meet the increasing need for electric power.

### **First Steam Plant**

The kingdom's first steam plant, located in Ghuzlan in the Eastern Province, was put into operation in 1979. It incorporates four units, each with a capacity of 400 megawatts.

In 1984, Rabigh steam plant, located in the Western Province, was put into operation. It also includes four units, each with a capacity of 260 megawatts.

By the end of 1988, a new plant was put into operation in al-Qaryah, the Eastern Province. It contains two units, each with a capacity of 600 megawatts. This plant is being enlarged at present. The expansion is expected to be completed in 1993.

In 1989, the kingdom's maximum load capacity amounted to more than 13,000 megawatts, which is more than fifteen times the load capacity in 1974.

The kingdom's sold electric energy amounted to nearly 59 million megawatt/hours in 1989, with an increase of 6.8 percent over the preceding year.

We must keep in mind that the energy sold in 1974 amounted to 3.7 million megawatt/hours. Industrial consumption represented 28.3 percent of the total electric energy sold in 1989.

### Electric Energy Prices

In the kingdom, electricity is sold at prices much below the production cost in order to facilitate the citizens' acquisition of the energy they need at a convenient price. The kingdom's electric energy sale is subject to the brackets system which seeks to streamline consumption so as to curtail the excessive use of energy while maintaining the citizen's comfort level.

The fact that the kingdom's area is vast and that its towns, villages, and hamlets are widely scattered has dictated the construction of an extensive network with high tensions to carry energy from the sources where it is generated across long distances and then distribute and supply it to the consumers.

By the end of 1989, the total length of the lines of the kingdom's transmission networks amounted to more than 13,000 km. The total length of the distribution networks amounted to more than 76,000 km. This is in addition to the low-tension connections linking the networks with the consumers, totaling nearly 80,000 km.

### Complete Systems

The electricity systems in the kingdom's various provinces form complete and advanced systems. The linkage of these systems produces a high economic and technical yield, considering that it reduces operational costs, enhances the rate of utilization of the available capacities, and reduces the generating reserve while securing a reliable and uninterrupted electric power supply.

A number of lines have been built to link the power-generation centers with the kingdom's load centers through networks with super tension that link the Eastern and Central Provinces by way of linkage lines which operate at a high tension of 380 kilovolts. Moreover, most of the provincial towns have been linked internally through high-tension 380-kilovolt and 110-kilovolt lines.

### Qualified Labor

This sector has relied mainly on God and then on qualified Saudi manpower. The number of Saudi workers in the sector rose from 6,983 workers in 1979 to 15,047 workers in 1989.

The total number of the sector workers dropped from 30,550 workers at the end of 1983 to 26,800 workers by the end of 1989. This demonstrates the emphasis on increasing the number of Saudi workers and reducing the total number of workers. The number of non-Saudi workers dropped from 17,400 by the end of 1983 to 11,800 by the end of 1989.

### Saudization of Jobs

The Ministry of Industry and Electricity has worked to Saudize jobs in the kingdom's electricity sector and has made good strides in this direction in the past few years.

Most of the technical and administrative tasks are performed by highly-qualified and capable Saudi citizens. In 1982, Saudi labor constituted 40.1 percent of the total labor. This figure rose to nearly 60 percent by the end of 1989.

In compliance with the general tendencies of the government policy in the area of national cadre development and enhancement, electricity companies have established several training centers to attract Saudi young men and to provide them with technical and administrative training to work in the electricity sector so that they can develop the national capabilities employed in these companies.

The electricity companies have continued their efforts to develop and improve their workers' productivity, to streamline their labor, and to use their workers in an ideal manner in order to increase production and to enhance the service standard. The worker's average productivity has increased in terms of energy sold and of average number of subscribers per worker.

### Construction of Food Processing Plants Under Way

*91AE0436B London AL-SHARQ AL-AWSAT in Arabic 12 May 91 p 10*

[Article by Muhammad al-Sallum: "Food Products Company Offers Its Projects for Bidding; Net Operational Revenues Are 40 Million Riyals; no Profits Distributed; General Assembly Meeting Postponed Till Next Month"]

[Text] Riyadh—AL-SHARQ AL-AWSAT—The Saudi Food Products Company is preparing to invite within one months bids to supply the necessary equipment and to build the plants for its first projects to produce macaroni, vermicelli, and wheat and corn tortillas and puffs and to freeze vegetables.

Engineer 'Abd-al-'Aziz Ibn-Muhammad Al al-Shaykh, the commissioned member and the company's general director, has told AL-SHARQ AL-AWSAT that the company has completed preparing the economic feasibility study and the engineering blueprints for these projects. He pointed out that the macaroni and vermicelli production plant is planned to operate at an annual production capacity of 6,000 tons. This project is to be built in Riyadh on a plot with an area of 20,000 square meters. Moreover, the project to freeze vegetables is planned to produce 4,000 tons annually and to be built in the town of al-Kharj on an area of 22,000 square meters.

Engineer Al al-Shaykh said that after these projects, other projects will be offered for public bidding at the outset of next year. He added that the Saudi Ministry of Industry has agreed to license three other projects, namely: a baby-foods project, a dairy-products project, and a project for processing and packaging poultry meats.

It is worth noting that the company has earned net revenues of 40,146,272 riyals for the period from 18 March 1990—the date on which activity started—to 31 December of the same year, keeping in mind that these revenues have been earned mainly from the good investment of available liquidity while waiting for projects to start.

The total assets in circulation have amounted to nearly 263 million riyals. The total assets uncirculated have amounted to 4.1 million riyals. The total obligations in circulation have amounted to 26,750,409 riyals and the company's net assets have amounted to nearly 240 million riyals.

The company's general director added that the revenues earned by the company will be remitted to its reserve so as to increase its financial capabilities. He further said that the main objective is to establish projects and to disburse the profits made by these projects. In view of the fact that the projects are not yet in existence and have not yielded any profits, the company has decided not to disburse any profits to the shareholders because the company is an industrial company and not a financial one. Its profits must stem from its activities in the area of food production and not from the investment of liquidity.

Engineer Al al-Shaykh asserted that according to the Ministry of Commerce regulations, the stock of the company founders cannot be put into circulation before the lapse of two fiscal years. However, the founders may only circulate their stock among themselves. They are not permitted to do anything else with the stock. He said that permitting something of the sort [circulation beyond the founders] is not within the powers of the Board of Directors.

The company has 86 founders who have subscribed to 965,000 shares, each valued at 100 riyals.

Al-Shaykh finds it unlikely that there is need to increase the company's capital at present. But he said: When the first phase of the projects is completed and when expansion, whether horizontal or vertical, is considered, then we may think of or may be compelled to increase the capital.

He said that the idea of investing in other companies is in the picture, but not in the company's immediate plan which focuses currently on building the company's own projects. "But this idea is not out of the Executive Board's mind."

He also finds it unlikely that the company will turn to investment abroad. He has said that the company's main objective is to build industries that rely on local products in order to achieve integration between the agricultural and industrial sectors.

He said that the company will rely on national farmers and agricultural companies and denied that it is inclined to compete with this group by setting up its own agricultural projects.

It is to be noted that the Food Products Company is a Saudi joint-stock company headquartered in Riyadh. Its capital amounts to 200 million Saudi riyals, according to the founding contract and Article 2 of its bylaws. The company will process, package, preserve, treat, develop, and market foodstuffs in the country and abroad. Its [objectives] include:

Utilizing the seasonal surplus in agricultural crops.

Ideal exploitation of some plant and livestock products whose incineration and disposal constitutes a loss to the national economy.

Processing some raw crops to turn out such agricultural products as vegetable oils and sugar and using the leftover remaining after processing as fodder.

Encouraging producers in the agricultural sector to introduce new crops, thus expanding the agricultural production base.

Enhancing the chances of exporting agricultural products, especially of easily perishable crops.

In a related issue, the the first ordinary general assembly of the Food Products Company was scheduled to meet two days ago but because there was no quorum, the meeting was postponed until Saturday, the sixth day of next month. The meeting will discuss the contents of the Executive Board's report and will vote on them. It will also ratify the company's general budget as it was on 31 December 1990. Moreover, it will approve the profit and loss account for the ending year and absolve the Executive Board members of liability.

The meeting is also scheduled to review the accounts comptroller's report and approve it, and also approve the appointment of an auditor to examine the company's accounts for fiscal year 1991 and determine his recompense.

### **SABIC Expansion Programs in Petrochemical Sector**

*91AE0474A Jeddah ARAB NEWS in English 19 Jun 91 p 12*

[Article by S. Sidahmed, Riyadh Bureau]

[Text] Riyadh, 18 Jun—The Saudi Basic Industries Corp. [SABIC] expansion programs are expected to cost some \$3 billion, according to Ibrahim Ibn-Salamah, the company's vice chairman and managing director.

SABIC is undergoing an ambitious expansion program of the existing plants that is expected to increase production capacity from its 1990 level of 13 million metric

tons to 20 million tons by 1995, Ibn-Salamah told ARAB NEWS in an interview here.

The new expansion programs are expected to increase quantities of existing products as well as adding new ones. High on the list are new products like benzene and polypropylene, he said. However, yesterday SABIC announced that its affiliate, the Saudi-European Petrochemical Co. (Ibn-Zahar), has signed a contract to build its polypropylene plant in Jubayl over the coming two years with an annual capacity of 200,000 tons a year. The plant will be using feedstock from the new ethylene cracker, to be produced by the Arabian Petrochemical Co. (Petrokemya).

The project is part of the company's two-year expansion program to increase its ethylene production from 650,000 tons a year to 1.15 million tons in addition to 100,000 tons of propylene, 70,000 tons butadiene and 7,000 tons benzene.

The same day, Ibn-Zahar also signed an agreement to build a 700,000 metric tons a day plant to produce methyl tertiary butyl ether (MTBE).

Other expansion plans include the Eastern Petrochemical Co. (Eastern), which is to increase its polyethylene production from 187,000 tons to 400,000 tons and ethylene glycol from 340,000 to 800,000 tons by 1993.

The Industrial Gases is to raise its nitrogen production from 219,000 tons to 490,000 tons and oxygen from 438,000 to 876,000 tons by 1993. The National Fertilizer Co. has already launched a program to produce 1.31 million tons of compound fertilizers, phosphates and urea to service farmers.

However, in addition to the expansion program, SABIC is considering second generation programs. "We are looking for downstream intermediates for the international market," he said. Such products could have direct or indirect relationship with what the company is producing now.

Asked whether such projects will be conducted with the existing foreign partners, he replied, "not necessarily, as each project will depend on its own merit. We could carry it alone or with some foreign partners."

On whether SABIC will continue relying on the Public Investment Fund to finance its projects, he said that both PIF and the Saudi Industrial Development Fund will continue to be a source of finance. But in some cases SABIC is developing an option to finance its projects out of its own resources and those of the foreign partner in addition of commercial loans. During the first generation of SABIC projects, the PIF has played a leading role in providing up to 60 percent of finance.

On the impact of the Gulf crisis on SABIC future plans and whether it will result in negative trends in terms of more restrictions on technology transfer, given the Iraqi abuse of the technology it acquired from the West, Ibn-Salamah does not think there could be a problem

because industries being established by SABIC have nothing to do with sensitive technology in that respect. Besides, the crisis has strengthened the credibility of the Kingdom in the international arena and that is being demonstrated in the increasing number of contacts and visits by foreign delegations interested in doing business with SABIC.

Asked about his predictions for the current year's performance, given the good results of the first quarter when the company netted SR695.8 million in profits up 34 percent over the corresponding period last year, Ibn-Salamah said that prices in the first quarter are usually tied to those of the previous quarter.

At that time, prices were generally excellent, but as they fluctuate up and down from one quarter to another he predicts a satisfactory performance by the year end.

Asked whether there are plans to float more SABIC shares to the public given the rising shares index and the healthy atmosphere of the share market, he replied that there are no definite plans to float any shares in the near future. "What is important," he said, "is for SABIC to continue its production, expansion and marketing programs, distribute dividends and increase shareholders' dues. And that is happening right now."

So far, only 30 percent of SABIC shares are owned by the public and the remaining 70 percent are held by the government. The original plan is to float more gradually.

### **SMEPA Builds Weather Station in Al-Sawda'**

*91P40414A London AL-HAYAH in Arabic 2 Aug 91  
p 11*

[Report by Muhammad Jamal 'Atabi]

[Text] Jeddah—The Saudi Meteorological and Environmental Protection Agency [SMEPA], in the Ministry of Defense and Aviation, is building the most modern weather observation station in al-Sawda' District of Abha, in western Saudi Arabia. The station will cost \$2 million and is expected to be completed in 12 to 15 months. Dr. 'Abd-al-Barr al-Qayn, general manager of SMEPA, explained to AL-HAYAH that the location's choice, at an altitude of 2,900 meters, is aimed at avoiding dust and air pollution while monitoring carbon dioxide contained in the atmosphere.

Al-Qayn said: "The purpose of the station is to give an early warning about changes in the international weather and ozone level depletion." He also stated that the station will cover the Arab region in its entirety, parts of America, East Asia, and Africa. This is due to its location and the lack of similar stations in those areas.

Dr. al-Qayn stated that the station will coordinate its work with 12 international central stations and seven satellites for meteorological observations. Information will be gathered through a computer from 9,000 stations

around the world. The World Meteorological Organization, together with such countries as the United States, the Soviet Union, and Japan, plan to gather incoming information from operational stations worldwide and analyze the results of thermal gas retention in the atmosphere and its effect on expected weather changes.

### Lead Factory To Be Established in Riyadh

91AE0519A Jeddah ARAB NEWS in English 22 Jul 91  
p 2

[Article by Muhammad Ibrahim]

[Text] Jeddah, 21 July: A modern factory for the production of lead, the first of its kind in Saudi Arabia, will soon be established in Riyadh. It is expected to start production late 1992 or early 1993.

The pioneer project is a joint venture between the Dallah al-Barakah Group, the National Industrialization Company, a Saudi investor and a foreign firm which will supply the know-how.

"We have received the piece of land in Riyadh on which we will build the factory," Jamal Hasan 'Afifi, general director for industry at the Dallah al-Barakah Group told ARAB NEWS.

He said the factory will be built at the fourth industrial city in Riyadh along Al-Kharj road.

According to 'Afifi, the total investments in the project will be SR46 million which might later be increased by 20 or 25 percent.

"By the end of this month, the general assembly of the partners will meet to approve the accomplishments achieved so far and view the next steps," 'Afifi said. He recalled that the partners had recently met in Germany. The fourth partner who will supply the technical know-how is the German firm Metall Jesell Schaft Berzelius (MJSB).

"The designs and the blueprints are ready. We are now at the stage of negotiations with the foreign suppliers of equipment," 'Afifi said.

He said the factory will use old batteries to produce lead and is thus considered an important waste-recycling project which will have significant environmental, social and economic aspects.

Lead is an intermediary industrial material. The lead in the old batteries will be melted and made into big chunks ready for reuse in the manufacture of batteries.

'Afifi said the factory will meet the local needs and the surplus will be exported. "We have a reasonable local market which will become bigger and bigger if a factory for the manufacture of batteries is established," he said.

### Production Figures for Desalination Stations

91WN0592Z Riyadh AL-RIYAD in Arabic 27 Jun 91  
p 3

[Article by 'Uqayl al-'Anzi: "Desalination Stations in the Kingdom Produce More Than 635 Million Cubic Meters of Water Daily; Kingdom Is the Largest Producer of Desalinated Water in the World"]

[Text] The total amount of water pumped daily by desalination stations in the Kingdom of Saudi Arabia is 635,183,817 cubic meters. These stations also generate more than 3,500 megawatts of electricity per day. These large quantities of sea water are pumped and desalinated by huge desalination plants scattered along the kingdom's eastern and western shores. These plants provide fresh drinking water to every city and village by means of a 3,000-kilometer pipeline.

This fresh water is being provided as part of the development and growth services offered by the government of His Majesty King Fahd ibn 'Abd-al-'Aziz, the custodian of the two holy sites. May God protect the king and his crown prince, who is loyal to this generous country and devoted to providing the people with the ingredients for a happy life. This task of providing fresh water to the people is being carried out by the Public Organization for Water Desalination, which is playing a major part in building one part of this colossal cultural advancement. This organization, which left a clear imprint on the cultural makeup of the Saudi citizen, has managed, in a short period of time, to achieve the goal which had been set for it by our wise leaders. It built 26 water desalination plants with different production capacities. It built those plants in different locations according to the priority need of each location for fresh water. This organization has among its future plans a plan to deliver fresh water to every town, village, and agricultural settlement in our beloved country.

State support for this organization has been generous. Last year's budget allocations for operations and maintenance of the water desalination plants amounted to 740 million riyals. But the function of the organization was not limited to managing and operating these vital facilities. It contributed to the drafting of studies, plans, and programs to build new water desalination plants, water reservoirs, and residential communities. The organization was involved in laying pipelines and conducting economic feasibility studies on proposed projects. In doing so, the organization relied on the biggest consultants in this field.

To put an end to some of the technical problems with using materials and chemicals and their effect on operational desalination plants, the organization established research centers to develop desalination methods and techniques, to develop operating and maintenance methods, and to determine the standard specifications required for materials used in plant processes. These materials are to be compatible with prevailing sea water conditions, such as temperature, humidity, and salinity.

The organization also showed an interest in developing national skills and giving people with skill and expertise the proper technical and administrative qualifications to manage, maintain, and operate the desalination plants and produce electricity. To that end, the organization established centers for theoretical and applied training. The number of trainees at these centers exceeded 848. Twenty-eight employees were sent abroad to study and to obtain graduate degrees in different fields. Saudis make up 49 percent of the workers employed by this organization, which has ongoing programs to employ Saudi citizens in all its sectors and technical facilities.

### Reasons for New Census Given

91AE0520A Riyadh AL-RIYAD in Arabic 9 Jul 91 p 7

[Article by Salih al-Hammad]

[Text] Early in the year 1413 Hijra [1992], the comprehensive population and housing census in the kingdom, which will be carried out by the Ministry of Finance and Economy, will start. It will be the second, the first having been done in 1394 Hijra [1993-1994].

Earlier, three committees were formed for this purpose, namely the central committee, the executive committee, and the information committee. His excellency the finance minister, Prof. Muhammad Aba al-Khayl, who heads the central committee and oversees the three committees, will continuously review their reports.

The information committee held its first regular weekly meeting on 21/4/1410 Hijra [21 November 1989].

The office of public statistics will make use of large numbers of Saudi youth to carry out the census throughout the kingdom. Thus, there will be a training program for all participants in the census a sufficient amount of time before it starts.

The training period for teachers who will participate in the census was postponed from the 6-day period starting 16/1/1412 Hijra [28 July 1991] to a later time.

The general administration for education in the Riyadh district asked all the teachers who had previously been trained to check with the office of public statistics concerning its resolution to do the field work for a comprehensive population and housing census. It asked that the teachers who worked with the office as assistants and investigators last year be retrained, and the ministry has informed the education administrations of that.

The census had been set to start on the first of this year, 1411 Hijra [late 1990], but it was postponed to 1413 Hijra [1992-1993].

### Keeping Up with Diverse Growth; Attention to the Individual Saudi

It appears that the kingdom's population growth reflects the fact that it is able to increase this growth and keep up with it in a way that suits its needs and requirements.

That is what made it possible to progress and develop very effectively through the five-year plans, which were extended to drive the continuous growth and development of the kingdom.

When the first census was held in 1394 Hijra [1974], the kingdom had not begun its development as it has now. Comprehensive growth has spread through it, reaching all sectors and diverse activities. Planned growth has interacted with economic and social factors, whereby economic activity expanded and population growth began to increase. The Saudi citizen was able to keep up with what was offered to him, while projects appeared that were economically as well as socially effective, making the Saudi citizen the focus of their attention.

A report of the deputy ministry of labor and social affairs on the general census affirmed that the social aspect enjoyed the interest and concern of the government of the custodian of the two holy places, King Fahd ibn 'Abd-al-'Aziz al-Sa'ud, since the development plans concentrated on social aspects as much as on other aspects. In fact, they made the Saudi citizen the end and the means to this development.

The report explained that the importance of the population and housing census, which will provide information on desert, village, and urban communities, lies in the fact that social development, with its economic and cultural components, must be based on well-studied plans based on precise and recent statistical data on the family with respect to number of individuals, their age groups, and their economic, educational, health, and social circumstances.

The report explained that the census results will provide answers on the quality and quantity of services which the state offers to meet the needs of the citizens, including the social services from which large sectors of the public benefit, especially those of the family, youth, children, and other segments of the population such as the handicapped, elderly, orphans and those in special circumstances.

The role of planning is in keeping with the importance of the development plans. In a report of the Ministry of Planning, it came out that one of the most important characteristics of the form of national development in the kingdom, from its beginning with the five-year plans up to the present time, is the use of a strong impetus to develop social capital. Thus the development of human resources has headed the list of the successive 5-year plans' goals, with all the needs and focuses of that development in education, health, and productivity.

The report prepared by the ministry on the general population and housing census made it clear that the effort to develop social capital operated along another course parallel to, and in coordination with, strong human development, namely economic development of the infrastructure, utilities, and government services.

Reports of the committees of state assessment confirm that the kingdom's national development plans in this field have achieved record successes that set an example at the state level. They stressed that this success would not realize its full potential without a good, precise, and realistic census.

The report concentrates on the importance of the census' role in the development process, in that it is the principal means of determining the size and rate of population change, which is considered one of the main, important elements in social and economic development and planning.

The report points to the fact that modern economic thought sees population change as a two-edged sword, one edge of which is productive, the other consumptive. It said that this explains the mutual relationship between population change and the judicious use and exploitation of economic resources in the state.

There is a direct and strong relationship between the development of demographic awareness among citizens in order to obtain a good and realistic census, and economic predictions of the national economy's growth rate, on which the plan depends.

The explanation for this is that population growth estimates expected during the years of the plan represent the most important factor in estimating targeted growth rates of the gross domestic product and the service sectors in general, and of the non-productive government services in particular. The report explained that if the plan relied on unrealistic or imprecise census results when these rates were formulated, then most of its estimates would exceed or fall short of what was needed. This would have a negative impact on the average income of the individuals targetted by the plan, and this would prevent the plan from successfully achieving its goals.

Regarding the impact of population change on matters pertaining to science and technology, a good, realistic census will help guide selecting the right technology for the particular circumstances and characteristics of the Saudi environment and society, both in the public and private sector.

The report also stressed that the precision and realism of the census affects the estimates and expectations that foreign and Saudi businessmen would have of the size of the domestic market.

The report made clear that the success of the policies of the fifth five-year plan of 1410 Hijra-1415 Hijra [1989-1994], which gives special importance to studies and programs for developing the educational and vocational training system in the kingdom, depends, to a large extent, on population awareness among the citizens to come up with a precise census of the present size of the population.

#### Affect of Census on Service Aspects

When the census is finished, it must be linked to the service sectors that offer their services to the public. In a report, the Ministry of Post, Telephone, and Telegraph affirmed that the general population and housing census is important since it will be the primary basis for establishing a model communications network that will meet existing needs. It will also be important in improving the use of financial resources as much as possible.

The report explained that the data gathered through the census are considered one of the important factors in planning for communications services.

The report set forth the steps which will help to make the census a success. It explained that if we identify the places where people live, study, and work; the population density from one region to the next; the number of individuals in each housing unit; and industrial, commercial, agricultural, and other growth rates, it will be possible to prepare an advance plan that would cover at least the next 20 years.

It stressed that this would provide the right communications means, such as telephone, telex, telegraph, and mail services, in addition to information transfer and data services, and transmitting radio and television waves to communities.

Likewise, a report of the Saudi Arabian Monetary Agency explained that the general population and housing census was connected to the development of the banking system. It explained that census data would provide important statistics that would ensure banking services in the various regions of the kingdom and distribute them according to population density to meet the needs of individuals, companies, and private and public establishments. The report pointed out that the census would help financial authorities draw up fiscal policies that would help to achieve price stability at the public level, with the goal of fighting inflation and supporting economic growth.

It explained that some of the most important banking services and fiscal policies that are strongly linked to the census are: the distribution of banking services, the development of systems for saving and of investment channels, drawing up fiscal policies, the balance of trade, and other specialized establishments.

A report of the Ministry of Public Works and Housing on the importance of the census explained that in order for development in the kingdom to continue on a steady and balanced course, information must be provided on population distribution throughout the kingdom, making the census one of the essential doors to future housing programs and to determining priorities in implementation. It pointed out that the housing situation in the kingdom had changed over the past 20 years, as had the population distribution map in the kingdom, as an inevitable result of development.

The report explained that the Ministry of Public Works and Housing was participating in the planning and oversight of many of the projects and of establishing building systems and standards. For that, it needs correct, integrated information, an important part of which could not be obtained without the general census. It affirmed that with the ample use of information from the census, the amount of work would increase in quantity and quality to provide better services to the public.

#### **Importance to Health Services**

A similar report by the Ministry of Health pointed out that the census would be important to health services, since precise statistical data on the characteristics and makeup of the population would help greatly in the process of health planning, since awareness of population communities, their distribution among rural areas and cities, and their social characteristics has an obvious effect on determining what type of health service is needed and how much, and in drawing up clear and detailed policies for providing health services to the public in the form of programs and projects that aim to attain a specific health standard for the individual and society over a set period of time by utilizing the best material and human resources and capabilities available.

The report explained that these statistical data from the census would show the process of population movement, in light of which the necessary measures would be taken to adequately increase health facilities or to reorganize or redistribute them according to well-studied scientific bases on distributing health services to individuals.

The report stressed that the census would have an important role in planning for the health work force, since an estimate would be made of the work force needed, and the quality required of it would be made, and the size of the work force expected to enter the health field could be predicted. It pointed out that the census is considered one of the most important means for providing the precise data needed to calculate health and vital statistics, such as birth and death rates.

With all the colossal efforts being made to implement the comprehensive population and housing census at the beginning of the year 1413 Hijra [1992], it is now up to the citizen to play an effective role in bringing about the success of such a project. Every one thinks that each citizen should be aware of the census and of the importance of providing it with everything that will be of service to it.

#### **Journalist Urges Female Professors To Talk to Press**

91AE0497 Riyadh AL-RIYAD in Arabic 6 Jul 91 p 10

[Article by Sahar al-Ramlawi: "Society and Protecting Development; To the Female Professor"]

[Text] University life will always serve as a cultural beacon and a gateway to academic attainment. University life is an undepletable fountainhead: it is the source of many studies which affect society and talk about the relationships which individuals in society have with each other.

Since the press is the vibrant voice of society, as well as its mouthpiece, it is necessary for the press to knock on the doors of the university and inquire about conditions there. It is also necessary for the press to report these conditions as news or investigative reports which highlight problems and propose solutions.

I would say, in all honesty, that male university professors have been forthcoming in their replies to the topics which the press sets forth and asks them about in interviews or investigative reports. They do not hesitate for one moment to answer any question that has to do with university life and other topics as well, and they do so in accordance with the responsibilities they assume. This helps journalists, who are also seen as public opinion barometers, engage the professors in discussions of these topics.

But as much as we commend male university professors for being forthcoming and responsive to the press, we reprimand female university professors for their failure to be equally forthcoming and responsive to the press. My female colleagues in the press and I have had a hard time with these distinguished female professors because they do not respond to the topics that are set forth to them by the press. They either decline to talk with us for no reason, or they procrastinate and drag their feet before giving us any answers. And when they talk to us, their answers to our questions are terse, and they insist on anonymity.

I find no reason at all to justify the conduct of our distinguished female professors. Such conduct usually happens before we start talking to them. Verbal permission from a female superior, the female dean of a college or a center, [would be enough], but they go to great lengths in insisting that they have written approval from the president of the university [before talking to the press].

The trouble and difficulty we face when we set forth a public issue for which we need answers from these female professors becomes clear when we find out that the topics which the press brings up do not touch upon their private lives and do not call for the disclosure of university secrets, such as questions on final examinations, for example. Let me give an example. Female university professors who have an interest in the topic, "The Mission of the Female University Professor and Her Relationship with the Female Student," delayed that report for a long time because of their failure to respond to questions that were put to them. The list of names was changed several times, and most of the female professors declined for no reason to answer any questions.

Women did have an excuse in the past, when they blamed men for ignoring their issues. Now, however, women have acquired all these rights, so if their issues are being ignored, they are most certainly to blame for that. This is the result of old fears that women have. Despite the education that women have received because their true religion made that possible, their fears continue to nag at them and to worry them. Islam gave women rights as well as responsibilities, and they have to carry out those responsibilities to keep the ball rolling and maintain the balance. It would not be right to have one side of the scale empty and the other side overflowing.

## SYRIA

### Al-Asad's Positive Response to West Examined

TA07081551 Tel Aviv YEDI'OT AHARONOT  
in Hebrew 7 Aug 91 p 1

[Article by Ron Ben-Yishay]

[Text] Official sources in Israel estimate that Syria's positive response to President Bush's proposals on the issue of direct negotiations with Israel, sprung, among other things, from its realization that in the near future, it will not be able to achieve strategic parity with Israel. In Syria, they arrived at the conclusion that the only way which will in the long run give Syria a chance to be on par with Israel in sophisticated weapons and military technology, is to move closer to the West, and primarily to the United States, instead of relying on the USSR.

In order to achieve that goal, President Hafiz al-Asad is willing to sacrifice one of his sacred principles: Not to negotiate directly with Israel.

According to the official sources in Israel, President al-Asad was disappointed by the large arms deal he signed with the USSR a few months ago. This deal, valued at around \$2-3 billion, was to include advanced MiG-29 and Sukhoi-24 fighter planes, as well as tanks and state-of-the-art, surface-to-air SA-10 missiles which are still not in the hands of any other country in the Middle East.

However, the USSR is asking for payment in cash and Syria does not have the sums required to pay for the deal. This is despite the fact that Syria was meant to receive some \$2 billion from the Gulf states in exchange for its participation on the side of the Western coalition during the Gulf war. Only a small part of this sum has arrived in Syria, and some of it was already used to pay for Scud-C missiles purchased from North Korea.

It is possible that the Soviet deal may not come to fruition at all or that only some of the items will be given to Syria—for cash payment, as was noted. The USSR already forgave Syria for billion dollar debts from a prior weapons deal and apparently it is not willing to continue

financing the Syrian war machine when it itself is suffering from severe economic difficulties.

According to those same official sources, there was another reason for the Syrian's decision to move closer to the West. President al-Asad came to realize during the Gulf war the superiority of precision-guided weapons launched from far away. The advanced technologies for producing such munitions are found in the West, and according to the sources, President al-Asad understood that if he wants to achieve strategic parity with Israel, quantity is not enough; he must equip himself with precision-guided weapons of the kind used in the Gulf war.

### Effect of Soviet Events on Syrian Policy Assessed

TA21081717 Tel Aviv HA'ARETZ in Hebrew 21 Aug 91  
p 1

[Article by Re'uven Pedhatzur]

[Text] The events in the Soviet Union are likely to have significant influence on future Syrian policy matters. This influence could even reach extreme proportions which would lead to a change in the trend which President Hafiz al-Asad recently decided to adopt. This is the thinking of Israeli officials.

This assessment was formulated over the last two days and its architects—who feel that this is only a preliminary assessment—base their views primarily on their analysis of possible options of expected developments in the Soviet Union, and on sparse information.

The basis for the assessment comes from an earlier estimate resulting from al-Asad's change of direction in agreeing to talk with Israel, in the wake of recognizing the fact that Soviet backing for military courses in the region had been taken away from him. Now, if Soviet foreign policy changes and its goals include the return to a position of influence in the Middle East, al-Asad is likely to see this as the restoration of the traditional line which granted full backing to the regime in Damascus to act on a military plan as well.

The same officials estimate that the policy of Soviet arms sales to Syria will continue and, maybe even be hastened. If indeed it is decided to change the policy and to try to achieve greater influence in the Middle East, decisions on the sale of new types of weapons to Syria are likely to be made in order to distance it from the American sphere which it has recently tried to enter.

Meanwhile, the flow of weapons from the East to Syria continues and the dozens of T-72 tanks the Syrians acquired from Czechoslovakia have already arrived in Syria within the framework of a deal which includes 250 of these tanks. The cost of each tank in the Syrian-Czech deal is about \$1 million.

Syria also concluded with the Soviet Union, even before the revolution, an arms deal including a few hundred of

these tanks. In total, about 600 T-72 tanks will be added to the ranks of the Syrian army over the next two years and the total number of the tanks in their possession will reach 4,500. One-third of this amount will be tanks of T-72 quality.

Parallel to the change in the policy of al-Asad, the Syrian army continues to gather strength and to prepare for military developments without any connection to the chances of the political process. According to the Israeli assessment, al-Asad recently understood that, in light of developments in the Soviet Union and Eastern Europe, he has nobody to really depend upon. He understood the significance of the strength of the United States and the role it now plays in the world. At the same time, the turning point in the approach of al-Asad is only a "turning point/reconnaissance," according to the officials' definition. It is possible that these considerations will now change and al-Asad will update his policy.

The Syrian president has not detached himself from terrorism and he continues to sponsor Palestinian dissenting organizations operating in Syria. According to foreign reports, al-Asad continues to hold the Gliders' Unit of the Ahmad Jibril organization and allows the fighters of this organization to train. In the assessment of the same officials, the Syrians knew of the attack carried out on the Hermon post and the terrorists who carried it out escaped into Syrian territory.

Within the framework of building-up programs of the Syrian military, advanced air defense systems, advanced Sukhoi-24 and MiG-29 combat aircraft, electronic warfare systems, and other items will be acquired. In all, Syria will receive about \$3 billion from Saudi Arabia, Kuwait, and the United Arab Emirates. The majority of this sum will be directed toward the acquisition of military equipment.

### Interpretations of Emigration Law Published

91AE0538B London AL-HAYAH in Arabic 8 Jun 91  
p 12

[Article: "AL-HAYAH Publishes Interpretations of Syrian Emigration Law Number 19"]

[Text] AL-HAYAH has received from Muhammad Fawwaz Muqaddam, consular charge d'affaires at the Syrian embassy, an explanation of the main provisions of Law 19 of 2 June 1990 concerning Syrian emigrants based on "directives and interpretations issued by relevant authorities in Syria." The goal is to facilitate visits by emigrants to their homeland and encourage them to invest in it. The explanations mentioned the following things:

The expression "Syrian Arab emigrant" refers to all Syrian Arab citizens or the equivalent residing outside the territory of the Syrian Arab Republic (except Lebanon) with intent to work and who are not drawing pay from a public agency in Syria for the length of their residence abroad.

### Procedures for Implementing the Law

#### I. Persons liable under the law:

A. Persons subject to the fee include all Syrian Arabs or equivalent (e.g., Palestinian Arabs) working outside the territory of the Syrian Arab Republic (except Lebanon) and not holding foreign citizenship. The fee is to be paid for every year of actual residence. Home visits of under three months by the person are considered part of the time of residence.

#### B. The fee has been set as follows:

##### 1. Category 1:

a. Unskilled workers—\$50 yearly fee

b. Skilled workers—\$75

##### 2. Category 2—workers with government or private agencies:

a. Holders of a preparatory school diploma or no academic credential—\$75

b. Holders of a secondary school diploma—\$100

c. Holders of an advanced specialized diploma—\$150

##### 3. Category 3—workers with Arab or international organizations, agencies, institutions, and companies:

a. Holders of a secondary school diploma—\$150

b. Holders of a university diploma—\$250

c. Holders of an advanced specialized diploma—\$350

##### 4. Category 4:

a. Self-employed owners of professional establishments, physicians, engineers, lawyers, or consultants—\$500

b. Merchants, industrialists, contractors, or investors in partnership or self-employed—\$700

C. Persons subject to the law who fall under more than one category shall be subject to the highest category. For example, a physician who works for an organization and has a private office will pay the fee for category 4, not category 3. The fee is payable for each year of actual residence, with the year reckoned as beginning on 1 January and ending in December of each year. If the civil year ends without payment of the fee, the consequences for the emigrant shall be as follows:

1. A 10 percent lateness penalty shall be imposed each year as soon as the year of liability ends and the new year begins.

2. The Syrian embassy abroad or the Department of Emigration at home shall refuse to renew any passport or validate any consular transaction before payment of the annual fee.

II. Conversion of Part of Income:

A. Part of the income of those subject to the law may be converted every year so that they can benefit from the advantages established by the law. The minimum conversion is according to the following schedule:

1. Category 1:

- a. Unskilled workers—\$500 conversion
- b. Skilled workers—\$750

2. Category 2—workers with government or private agencies:

- a. Holders of a middle diploma or no academic credential—\$750
- b. Holders of a secondary diploma—\$1,000
- c. Holders of a university diploma—\$1,250
- d. Holders of an advanced specialty diploma—\$1,500

3. Category 3—workers with Arab or international organizations, agencies, institutions, and companies:

- a. Holders of a secondary diploma—\$1,500
- b. Holders of a university diploma—\$2,500
- c. Holders of an advanced specialty diploma—\$3,500

4. Category 4:

- a. Self-employed owners of professional establishments, physicians, engineers, lawyers, or consultants—\$5,000
- b. Merchants, industrialists, contractors, or investors in partnership or self-employed—\$7,000

B. Note that emigrants who fall under more than one category are subject to the highest.

III. Declarations by those liable: Implementation procedures for Law 19 require the emigrant to submit a signed declaration in triplicate at his own responsibility to one of the following agencies:

- A. The Syrian embassy or consulate in the country where the emigrant works;
- B. Directly to the Finance Ministry (Revenue Department);
- C. The Finance Department of the province to which the emigrant belongs.

IV. Fee Payment: Fees may be paid in one of the following ways:

- A. Through the Syrian diplomatic mission, to account 216593400102, Credit Lyonnais, Kensington Street branch, London;
- B. Direct remittance through an accredited bank in the emigrant's country of residence to the Central Bank of

Syria to account 23/250B of the Finance Ministry, Central Treasury. The remitter's name and preferred address for communication should be noted on the remittance. A copy of the check will be sent to the appropriate Syrian diplomatic mission.

C. Direct payment of the fee to the Central Bank of Syria to the account of the treasury;

D. Direct payment to the account of the central treasury at bank windows inside Syria and at airports by checks that include the number and date of the declaration (mentioned under paragraph III), along with the emigrant's name and preferred address for communication;

E. In all cases where the due fees are paid on time, the emigrant avoids any fine. Late payment of fees entails the payment of a 10 percent lateness penalty on the annual fee. Suppose that an emigrant working outside Syria wishes to pay a legally set fee for 1991 amounting to \$100:

- 1. If he pays the fee during 1991 before 30 December 1991, the fee will be discharged without fine—i.e., at only \$100.
- 2. If he pays the 1991 fee during 1992, 10 percent will be added as a lateness penalty. The total will be \$110.
- 3. If he pays the 1991 fee during 1993, 20 percent will be added as a lateness penalty. The total will come to \$120.
- 4. If he pays the 1991 fee during 1994, 30 percent will be added as a lateness penalty. The total will come to \$130.
- 5. If he pays the 1991 fee during 1995 or later, only the fee plus the maximum penalty of 30 percent will be collected. The total will be \$130. This example applies to any due year.

V. The following are exempted from paying the fees:

- A. Students sent or given fellowships to study outside Syria;
- B. Women living with their husbands or families and having nonworker residence permits;
- C. Juveniles under the age of 18;
- D. Nonworkers resident with their families for study;
- E. Holders of foreign citizenship (citizenship of an Arab country is not considered foreign), unless they express their desire to benefit from the advantages of the law;
- F. Those who for various reasons live outside Syria without working.

VI. Privileges granted to emigrants:

- A. Privileges granted to emigrants who have paid the fee without [income] conversion:
  - 1. Once a year they may bring in materials or goods for personal use to the limit of the fee exempt from customs duties, taxes, and other fees. However, the value of these

materials and goods may not exceed the annual fee paid by the emigrant during the year in which he visits his homeland.

2. Proof of proper payment of the fee shall be made by presenting the original copy of the receipt or the bank check for payment of the fee.

B. Privileges granted to emigrants who have paid the fees and converted part of their incomes and who have resided for work abroad for a period not less than five years of actual residence:

1. They may bring in new or used household furniture, including household electrical appliances, at the end of their residence for work upon payment of customs duties without obtaining an import permit.

2. The emigrant may bring in tools, machines, and equipment for professional use at the end of his residence with exemption from restricting, prohibiting, and limiting regulations without obtaining an import permit. A document validated by the appropriate Syrian mission must be presented attesting that the emigrant practiced the profession for which the tools and equipment are intended at the end of residence.

3. The emigrant may bring in agricultural and industrial tools, vehicles, equipment, and devices and primary equipment for agricultural, industrial, and livestock production operations needed by the public, joint, and private sectors. An import permit must first be obtained according to regulations.

4. The emigrant may bring in a van, minivan, truck, cooler, or pickup without limit of number with intent to invest, provided that no more than three years have passed since the date of manufacture. An import permit must first be obtained according to regulations.

a. Note: To take advantage of privileges 3 and 4 it is not necessary that the emigrant end his period of overseas residence.

b. Note: In sections 1, 2, 3, and 4 the term "bring in" means bringing in for end use.

C. Privileges granted to persons with a period of not less than 10 years' actual residence outside the country who have paid the fees for the period and converted the sums set for them for the aforementioned period:

1. Such persons may at the end of their residence bring in a tourist vehicle permanently, if their actual residence abroad has lasted 10 years, provided that no more than 3 years have elapsed since its manufacture at the end of residence. An import permit must be obtained. There must be confirmation that the person benefiting under the law has paid the fees for which he is legally liable and has converted foreign currency equal to the value of the vehicle being imported under the import license.

VII. Adding a residence period and emigrants' requests to benefit from the provisions of Law 19 until the end of

1990: An emigrant may request that the previous period of residence be added, provided:

A. He presents a signed, handwritten application stating his desire to do so. The application should be presented to the Syrian foreign mission in the country of emigration, along with legally validated documents proving the previous periods of emigration.

B. He must pay the annual fees due for all the periods of foreign residence that he wants to add.

C. Payment of fees for the previous periods of foreign residence is not subject to fine.

VIII. A Syrian Arab emigrant or the equivalent residing for work outside the territory of the Syrian Arab Republic (except Lebanon) and holding foreign citizenship may submit a signed handwritten application stating his desire to be included under the provisions of Law 19. The application in this case should be submitted through the relevant Syrian foreign mission, supported with the required proofs. In order for the emigrant to be given the benefit of the privileges provided in this law, he must pay the fees and make partial conversion of foreign currency according to the provisions in force. Payment of the fees for the periods that the emigrant is applying to add in this case is not subject to the previously mentioned lateness penalties.

IX. Various regulations:

A. Each emigrant who has paid the fees he owes must keep a copy of the certified declaration delivered to him throughout the period of his residence abroad. He must bring it with him every time he comes to Syria to be shown on demand so that he can benefit from the provisions of the law and its implementation directives.

B. Transactions involving conversion of foreign to Syrian currency shall take place at the rate for neighboring countries under the rules of sections three and four of this law at branches of the Syrian Commercial Bank or at a window of this bank at all airports and border posts in Syria.

C. A proxy will not be accepted on the occasion of application of Law 19 in view of the fact that the rights and privileges contained therein are personal. All privileges, exemptions, and other transactions necessary under it must be done by the emigrant personally.

D. Among the conditions the emigrant must fulfill is that he must be residing and working; otherwise, he loses one of the conditions of definition. E. The emigration law made no provision for heirs of an emigrant to take advantage of the law. Therefore, these personal rights cannot be inherited.

F. Based on an application from the emigrant who has paid the annual fee, the embassy will grant an emigrant's card.

**Text of Amended Law on Income Tax on Profits**

91AE0538C Damascus TISHRIN in Arabic 8 Jul 91  
pp 1, 11

[Unattributed article: "President al-Asad Promulgates Law Amending Income Tax on Industrial, Commercial, and Noncommercial Profits"; numbers shown as originally published]

[Text] Damascus (SANA)—President Hafiz al-Asad has promulgated Law 20 (dated 6 July 1991), amending provisions of the tax law on income from industrial, commercial, and noncommercial profits. The following is the text of the law:

**Law 20**

The President of the Republic, in accordance with provisions of the constitution and the resolution of the People's Assembly at its session of 18 Dhu al-Hijjah 1411/30 June 1991, promulgates the following:

Article 1: The tax rates and brackets established in Article 16 (amended) of the income tax law promulgated by Legislative Ordinance 85 (1949), including national defense surcharges, school taxes, the municipal government share (except the war effort contribution), and the local administration surcharge, are amended as follows:

- 10 percent on the portion of net profit to 20,000 Syrian pounds;
- 14 percent on the portion of net profit from 20,000 pounds to 50,000 pounds;
- 18 percent on the portion of net profit from 50,000 pounds to 100,000 pounds;
- 22 percent on the portion of net profit from 100,000 pounds to 200,000 pounds;
- 26 percent on the portion of net profit from 200,000 pounds to 400,000 pounds;
- 30 percent on the portion of net profit from 400,000 pounds to 600,000 pounds;
- 35 percent on the portion of net profit from 600,000 pounds to 800,000 pounds;
- 40 percent on the portion of net profit from 800,000 pounds to 1,000,000 pounds;
- 45 percent on the portion of net profit from 1,000,000 pounds.

Article 2: An amount equal to 15 percent of annual profit shall be exempted from income tax liability during the tax year for taxpayers in noncommercial, learned professions where human intellectual effort predominates over capital. These persons are listed in Article 1 of Legislative Ordinance 352 (dated 31 December 1969).

Article 3: Income tax shall be imposed on net profits realized from all activities by joint-stock companies and limited-liability industrial corporations in the private and joint sectors with principal headquarters in Syria according to the following rates (except the war effort contribution and the local administration surtax):

- 32 percent for industrial joint-stock companies;

- 40 percent for non-industrial, joint-stock companies;
- 42 percent for industrial limited-liability corporations that use equipment for industrial operation valued above 5 million Syrian pounds, according to the assessment used for paying the real-estate tax. This value may be raised by decision of the Council of Ministers.

Article 4: Notwithstanding the provisions of Article 3 of this law, income tax on net profits from export operations exclusively to free-rate countries shall be imposed according to the rates set in Article 1 of this law, not to exceed 35 percent (except the war effort contribution and the local administration surtax). If there are any profits realized from other activities, they shall be added to the profits from exporting and shall be subject to the graduated rates and tax brackets.

Article 5: Export operations to countries with payment agreements do not enjoy exemption from the tax on profits listed in Legislative Ordinance 103 (1952) and its amendments.

Article 6: Article 8 of Law 31 (1975) is amended to read as follows:

A. Profits from operations of assigning lease rights to investment real estate or real estate ready for the practice of commercial, industrial, and noncommercial occupations and professions carried out by those liable to the tax on unearned income or by other persons not practicing the aforementioned occupations shall be liable to the tax on unearned income when they assign the aforementioned right or a portion thereof.

B. The maximum graduated tax rate for persons listed in Paragraph A above, as well as for those liable to income tax on real profits from their aforementioned capital gains, is set at 35 percent from the graduated scale stipulated in Article 1 of this law.

C. The tax mentioned in this article shall be realized by independent impost.

Article 7:

A. Liability for income tax on profits shall include every real estate sales transaction that involves intent to speculate and the goal of realizing profit.

B. Not included under Article A are cases in which an owner who does not engage in the occupation of dealing in real estate sells residential property that he inhabits, no matter how numerous the sales that take place for this purpose.

Article 8: Public- and joint-sector agencies are prohibited from releasing sureties and retentions of contracts actually implemented or concluded with non-Syrian companies and firms, or with their branches or offices in the Syrian Arab Republic before obtaining a quittance from the competent financial departments for the contract whose guarantees and holds it is desired to release.

Article 9: The value of structures and machines used for purposes of manufacturing activity in industrial installations subject to the income tax based on real profits (subject of Paragraph 9 of Article 2 amended of Legislative Ordinance 85/1949 and its amendments) is amended to the sum of 600,000 Syrian pounds.

Article 10: Notaries must obtain from involved parties a quittance or an approval issued by the qualified financial departments before drafting, notarizing, or registering contracts, affidavits, and titles for real estate and industrial, commercial, or noncommercial installations if the purpose is to assign or liquidate exclusively.

Article 11: D.5. A. The following categories of taxpayer must present their yearly profit statements—as specified in Articles 13, 14, 15, and 22 of Legislative Ordinance 85 (1949) and its amendments—verified by a regularly licensed, chartered accountant other than those working in the Finance Ministry:

1. Commercial and industrial firms belonging to institutions located outside Syria and commercial and industrial institutions to which firms located outside Syria are affiliated;
2. Commercial and industrial institutions with at least one branch in an administrative unit other than the one in which they operate;
3. Wholesalers whose business consists mainly of importing;
4. Plant agents and agencies representing foreign institutions;
5. Industrial institutions not listed in the preceding paragraphs, if the total value of structures and machines used for purposes of manufacturing activity exceeds 1 million Syrian pounds, based on the assessment for the tax on real estate income.

B. At the decision of the finance minister, prosecution shall be instituted against any chartered accountants referred to in Paragraph A above who, for purposes of tax evasion, are proved to have verified statements or submitted reports or certificates at odds with the truth and not in agreement with recognized accounting principles.

C. If a taxpayer submits information not verified in accordance with the rules of Paragraph A of this article, a warning to obey the provisions of the law shall be communicated to him. If he does not obey within 30 days from the date of notification, the unverified declaration shall not be accepted, and a non-acceptance penalty of 10 percent shall be added to his tax liability. This penalty will be lowered to 5 percent if the person obeys within the aforementioned time.

D. The provisions of this paragraph shall be applied gradually over five years from the date this law goes into effect to the categories of taxpayers listed in Paragraph A

of this article, as shall be decided by the Council of Ministers on recommendation of the Economics Committee.

Article 12:

A. The government's entitlement to the value of products of the Syrian Petroleum Company is set at 15 percent of the value of the crude oil and of the value of fuel gas.

B. The government's entitlement to the value of products of public firms and companies that extract other mineral and natural resources shall be set by decision of the prime minister based on recommendation from the Economics Committee.

C. The government entitlement referred to in Paragraphs A and B of this article shall be deposited monthly to current accounts of the government's general budget. It shall be considered a deductible burden when income tax on the profits of the aforementioned public firms and companies is imposed.

Article 13:

A. The tax rates established in Articles 1, 3, 4, and 6 of this law on income tax obligations shall be applied to real profits from operations of the year this law goes into effect and afterward. For taxpayers whose liability years have been changed to a seasonal basis, the above rates shall be applied on profits from operations of the seasonal year that begins during the year this law goes into effect and afterward.

B. The tax rates established in Articles 1 and 6 of this law shall apply to all taxpayers with unearned income beginning with the first year this law goes into effect, except taxpayers whose production cycles have not been completed or ended on the date this law goes into effect. The old rates shall remain in effect for them on investment profits until the cycle ends or they are reclassified.

Article 14: The prime minister shall issue the directives needed to implement the provisions of this law, based on recommendation from the Economics Committee.

Article 15: All texts at variance with the provisions of this law are repealed.

Article 16: This law shall be published in the official journal and shall be deemed to be in force from the first of the year following the date of publication.

Damascus, 24 Dhu al-Hijjah 1411 (6 July 1991)  
President of the Republic Hafiz al-Asad

Finance Minister Muhammad Khalid al-Mahayni stated that this law constitutes a reform of the most important specific tax in force in Syria. It is part of a plan designed to produce needed tax reform, and it incorporates important changes to brackets and rates for the income tax on commercial, industrial, and nonindustrial profits. It gives special tax consideration to certain economic

activities, practitioners of learned professions, joint-stock companies, and limited liability corporations in order to promote the process of economic and social development in Syria. It also remedies certain legal loopholes, which is particularly important because the tax constitutes a compulsory national contribution that expresses citizens' feelings and their pride in their national affiliation by participating in ensuring needed monetary revenues for development projects, social services, and national security.

The finance minister added that this law complements and harmonizes with Law 10 of 4 May 1991 to encourage investment. It will help realize the principle of self-reliance. It will provide the appropriate climate for commercial, industrial, and professional investments in Syria. It will encourage saving, investment, and increased production and will insure jobs. It will thereby continue the course set by the reform movement led by heroic President Hafiz al-Asad. It will strengthen the principle of economic pluralism and cooperation between the three sectors—public, joint, and private—for greater participation and contribution to building and developing the national economy. The tax will be used as an important political, financial, and economic tool.

The finance minister added that the ministry is engaged in drafting implementation directives for the law, which will go into effect beginning on 1 January 1992.

## TUNISIA

### Government, Opposition To Set Up 'Workshop'

91AA0616A London AL-SHARQ AL-AWSAT in Arabic  
26 Aug 91 p 14

[Article by Muhammad 'Ali al-Qulaybi: "Tunisia Faces Full Fall Schedule; Government and Opposition Hold Workshop To Grapple With Pressing Political and Economic Issues"]

[Text] As summer ends and preparations to receive the fall season get under way, Tunisia is faced with some pressing issues of a political and socioeconomic nature, two dialectically intertwined qualities since politics affects the socioeconomic aspects, negatively and positively.

There is no doubt that the trials scheduled to begin next September against Awakening Group members accused of plotting a coup are at the top of these pressing issues.

Without trying to anticipate the outcome of these trials or to predetermine their results, it can be said that it has become clear, according to many political observers, that the Tunisian Government intends to follow a tough policy without interfering in judicial affairs. Those observers estimate that evidence collected against the 500 defendants, 80 of whom are military personnel, is enough to convict them of the crimes with which they

have been charged, especially since many defendants, some officers in particular, have made open confessions, part of which have been broadcast on Tunisian TV.

Under Tunisian law, these charges draw stiff penalties that can be meted out without government instructions to the military tribunal that has been assigned to hear this case. This means that, regardless of the government position, the verdict could be harsh in nature from a purely legal point of view.

In cases where a government wants to interfere in judicial affairs, the government may commute or increase the sentence, depending on the political situation.

With regard to the case at hand, however, high-level government sources emphasized to AL-SHARQ AL-AWSAT that the government shall "give full freedom to the courts to have their say without any intervention on our part." Whatever the verdict, many observers view this issue in terms of its relationship to the general prevailing climate in the country. They believe that, if harsh sentences are handed down, the president may use his constitutional powers to commute the sentences out of a desire to relax the situation and clear the air in preparation for a new season free of tension, unrest, and escalation.

In this context, it has been noted that, as the new season approaches, President Zayn-al-'Abidin bin-'Ali and senior government officials are making serious efforts to provide a good climate that would allow the country to get through the crisis which it has been experiencing for over a year and which was exacerbated by the Gulf problem.

At the forefront of official concerns is the resumption of the school year at universities, schools, and secondary education sectors, especially since these educational institutions, at the beginning of last year, experienced serious acts of violence that jeopardized the school year and prompted the government to suspend the activities of the Tunisian Student Federation, which was controlled by the Awakening Movement and which was accused of being behind the acts of violence carried out on university and secondary school campuses.

The government hopes to reach an understanding with political and student leaders by which schools can open in a peaceful climate, free of any kind of violence, thus providing justification for commuting the sentences of political or other convicts.

But the government's policy aimed at providing a peaceful and healthy climate for the new season has suffered a setback, according to some observers, caused by the decision to raise basic commodity prices, bread in particular. Despite the assurances the finance minister, Mr. Muhammad al-Ghanushi, gave AL-SHARQ AL-AWSAT that "this raise of up to 10 percent is reasonable and negligible, and has no impact on the people's purchasing power," the problem lies, according to some

economists, in the basic decline in the purchasing power of a broad sector of the populace.

These raises have triggered reactions in the union sector that is basically represented by the Tunisian Labor Federation. In this connection, Mr. Muhammad al-Tahir al-Shayib, the federation's assistant secretary general who has been assigned to conduct the studies, said: "These raises have a bad impact on the workers' purchasing power that is basically on the decline."

Actually, the problem is exacerbated by the fact that wages have not kept up with the successive price hikes, with the exception of the needy to whom President bin-'Ali is according special attention.

Added to the lack of wage increases is the problem of growing unemployment that the government is trying to control with no visible results as yet because it takes time to determine the impact of the recently-adopted government measures establishing two investment companies in rural areas aimed at developing these regions and attracting labor, thus curbing growing unemployment.

Government sources, however, respond to criticism directed at the government for raising prices by saying that it was compelled to take such a step for two basic reasons. The first is to deal with the great deficit in the basic commodity subsidy fund that is now close to \$300 million. The second reason concerns the government's desire to set up a kind of "forced saving" to be used later to establish firms that could absorb part of the urban and rural unemployment.

The same government sources say that the price hike would not have been contemplated were it not for the circumstances that beset the country because of the Gulf war. For it goes without saying that certain basic commodity prices would go up everywhere under a market economy and higher world prices.

But, the Tunisian Government could have maintained the previous prices and borne the difference had its various revenues been good. What happened though is that the Gulf war turned the criteria upside down, causing a decline in tourist revenues on which the government depends to large extent. This is in addition to the loss of other revenues and aid that rendered it unable to assume additional burdens.

Amid this situation, some reports and rumors surfaced about the government devaluing the dinar in an attempt to stimulate tourism and exports, but these were denied officially. Government circles hold that the dinar had been devalued enough in practice, for it had actually lost 18 percent of its value, and any kind of official devaluation would inevitably cause confusion and cause the public treasury to lose part of its hard currencies that it desperately needs due to higher import costs.

In the face of that, there is a plan to set up some kind of workshop in which the government and all political leaders would participate.

In this connection, a prominent minister told AL-SHARQ AL-AWSAT that necessity requires that everyone take part in dealing with the existing challenges and pressing issues. Some observers do not rule out the possibility of making some changes besides this workshop, be it at the parliamentary level to test new faces from the "legitimate" opposition to replace deputies who have been or may be transferred to government positions, or at the cabinet level by urging some ministers to take a rest and bringing to power unexpected figures.

### **Muslim Brotherhood Magazine Criticizes Ben Ali**

91AA0593A Cairo AL-MUKHTAR AL-ISLAMI  
in Arabic Aug 91 pp 18-19

[Article by 'Abd-al-Mun'im Salim Jabarah: "Zine El Abidine Ben Ali Wages War of Extermination Against Islam and Its Advocates in Tunisia"]

[Text] The interior minister of the ruling Tunisian regime held a press conference last 22 May during which he accused the Islamic Movement in Tunisia [Ennahdha] of plotting a coup d'etat and announced that 300 members of the Brotherhood, including 100 military personnel, were detained for questioning.

Abdallah Kallel, Zine El Abidine Ben Ali's interior minister, claimed that the Islamic Movement has a five-step plan to overthrow the government and usurp power. He said the plan begins with the distribution of antiregime leaflets and concludes with the dissemination of anarchic [material], the marshalling of hostility against the regime, and finally the wresting of power.

In order to dramatize the Tunisian regime's allegations against the Islamic Movement in Tunisia, Zine El Abidine Ben Ali's interior minister claimed that elements of the Movement received military training in Afghanistan and that a resolution to launch the plan's fifth phase was made at a meeting in the Tunisian city of al-Hamamat chaired by a senior officer and attended by a number of army officers. But the minister contradicted himself during the press conference as he overreached to prove the regime's allegations against the Islamic Movement and to prepare domestic and foreign public opinion for the lethal and restrictive government measures planned against it. His dramatization went too far when he claimed that a resolution to resort to violence was adopted by the Movement at its March 1988 convention when it created two sets of command centers—one an overt civilian leadership composed of an Executive Committee and a Consultative Council, and the other covert and known as the "organization to organize a force to seize rule and power." [He made those allegations] even though it is common knowledge everywhere at home and abroad that by holding that convention and announcing the formation of its Executive Committee and Consultative Council through all available domestic and foreign information media, the Movement's objective was to emphasize its moderation and to accentuate

its pursuit of peaceful means in advancing its causes, promoting the creation of Islamic society, and preserving Tunisia's Islamic identity. It was also emphasizing its legal right to operate in the field, same as any other party or organization, without being singled out for restraints or restrictions that are not applied to other parties in Tunisia.

Furthermore, by announcing its command structure at the convention, the Movement was emphasizing renunciation of underground activity and desire to operate in the open.

The objectives and dimensions of the schemes devised and now being implemented by the Tunisian Ben Ali regime against the Islamic Movement in Tunisia are perhaps becoming clearer, especially after the Tunisian interior minister's press conference and as the Tunisian regime intensified its campaign of arrests and torture against the Islamic Movement in Tunisia.

Ben Ali is following in the footsteps of 'Abd-al-Nasir and of other dictatorial regimes in the region without benefiting from the lessons of 'Abd-al-Nasir's scheme against the Islamic Movement in Egypt which he put into action in 1954, making an impact on Egypt and others and leaving an imprint of disasters and catastrophes that still fester in our Islamic and Arab world.

Ben Ali began by alleging that the Islamic Movement in Tunisia had nothing to offer but slogans and that it lacked a platform, especially on economic issues, for confronting Tunisia's crises and problems. Of course, Ben Ali did not stop to ask himself who caused those crises and problems in Tunisia. Neither did he put forth any viable plans or programs conceived by the Tunisian regime to ease those crises and alleviate those problems. Needless to say that almost a year ago, in order to partially meet domestic and foreign obligations, the Ben Ali regime was panhandling for "\$130 million" of which his empty treasury could not supply him with one dollar!

Moreover, Ben Ali has promulgated laws and adopted measures that restrained the Movement from exercising its right to address the Tunisian people and call upon them to uphold their identity and implement their God's law [shari'ah]. [Ben Ali] sought to sequester and isolate [the Movement] as accusations intensified through information campaigns that accompanied police actions and measures.

Ben Ali and his regime accused the Islamic Movement of being stagnant, backward, and reactionary and of being concerned solely with seizing power.

As the Movement grew and its Islamic dimension expanded despite propaganda and information and police campaigns, the regime doubled its efforts to tighten the noose and sought showdowns with the Movement and/or to draw it into similar confrontations.

Then came the phase of accusing the Movement of sedition, conspiracy to overthrow the government,

engaging in underground operations and creating secret organizations, and recruiting the military. The [Movement] was also falsely accused of sabotage and possession of explosives. Arrests increased and all manner of torture was used to extract confessions of guilt from the innocent. The media was mobilized in the service of this campaign of terror and oppression. Television and newspapers ran series of reports on confessions extracted from prisoners under torture, including a video tape attributed to a Tunisian soldier which was shown by Ben Ali's interior minister.

Just as 'Abd-al-Nasir did in the fifties by hunting the Islamists and publishing lists of those who fled detention and torture, Ben Ali came up with lists of those in and outside Tunisia who are wanted for detention and to be skinned. He imposed life sentences on 26 Islamists recently arrested and charged with blowing up the Tunis headquarters of the Constitutional Democratic Party (the ruling party headed by Ben Ali), even though the defendants maintained their innocence to the court and claimed that they had been relentlessly tortured by Ben Ali's flagellators.

In addition to harsh sentences imposed by Ben Ali on 12 defendants accused of blowing up his party's headquarters in the capital, increased arrests and intensified torture, accusing the Islamic Movement of sedition and conspiracy to overthrow the government, and the arrest of long-retired military personnel on charges of conspiracy, other recent developments in Tunisia herald the next phase when hundreds, even thousands, of Ennahdha members will be put on trial. They also portend that those trials will be fashioned in the Nasirite manner after those held in Egypt 37 years ago.

Today, Ben Ali is unabashedly waging a war of attrition against Islam and its advocates in Tunisia. The dictator of Tunisia announced last 27 May that "decisive measures" would be taken against Ennahdha and called upon educational institutions to shield youngsters from extremists. That menacing threat against the advocates of Islam reflects the regime's concern over the spread of the Islamic tide, especially among students. Ben Ali is urging educators and school officials to challenge and confront Islam and its advocates and to "make a stronger push to protect youngsters from risk-takers, recalitrants, and purveyors of religion."

Ben Ali sought the support of prospective parties in his campaign against Islam and its advocates. He promised an amendment to the election law that would allow those parties representation in the titular legislative assembly in which membership is restricted to his [Ben Ali] supporters. He also promised them increased government subsidies, declaring that their support of the government "is an important step that should be developed in the interest of plurality solidified behind postures of destiny."

He then considers his posture, and the posture of his regime, towards the Islamic Movement in Tunisia as a

portentous stance, and that the position of the parties that support him should continue under partisan plurality which, in turn, should support government positions and policies in suppressing the Islamists and in fighting Islam. Will Ben Ali succeed?

The Ben Ali regime is not the first regime in our Islamic world to declare war on Islam and its advocates. Its distortions and allegations against Islam will not be the first such distortions and allegations. Many examples could be given here but the lack of space does not allow it. There is space, however, to note "the constant and continual improvement and strengthening of Tunisian-American relations," especially at the present time.

Of note was a reference by U.S. President Bush regarding Tunisian-American relations as the new Tunisian ambassador presented his credentials at the White House. Said Bush last 17 April: "America welcomes the reform measures adopted by President Ben Ali since 1978. Relations will bring more progress this year (1991)!"

#### **Social Affairs Minister Discusses Strikes, Economy**

91AA0600A Tunis REALITES in French  
26 Jul 91 pp 6-8

[Interview with Minister of Social Affairs Ahmed Smaoui by Moncef Mahroug; date and place not given; first paragraph is REALITES introduction]

[Text] Despite the increase in the number of strikes in June 1991, compared to June 1990, the minister of social affairs considers that there is no harm in waiting before taking any action. He explained why.

[Mahroug] A CMR [limited cabinet] meeting last week was devoted to the social climate. Is not that an indication of a deterioration in the climate and therefore a matter for concern?

[Smaoui] In fact, a limited cabinet meeting was held last week and was devoted to an examination of the social situation in Tunisia.

The president and the government regularly evaluate the situation in different sectors of the economic and social life of the country. And it is quite normal that, at one time or another, we would make such an evaluation without its necessarily meaning that there has been a deterioration in the social climate or that such a meeting is like a red, traffic light indicating a return of social problems or disturbances.

I believe that this limited cabinet meeting was essentially devoted to an evaluation of the social situation during 1990 and the beginning of 1991.

Some important agreements were signed in 1990 by the trade unions and management. These agreements ended in a substantial increase in salaries, spread out over three years. Thus, these were agreements covering a number of

years over the medium term, which should contribute to clearing up the social scene or to assisting the negotiations held every year on salary increases.

These agreements have had very positive repercussions, because they effectively contributed to relieving the atmosphere, providing for salary increases over the next two years.

Parallel to this activity, 1990 and the beginning of 1991 saw the beginning of a detailed effort by labor and management to revise the labor code, working within a tripartite committee. After the Gulf crisis and after the concerns that we had at the beginning of 1991—concerns that were expressed publicly in the National Assembly and mentioned several times in speeches by different Tunisian leaders—it was only natural that we would evaluate the situation to see how Tunisian companies behaved and what the social consequences were of the economic crisis, which followed the Gulf war. That was the objective of the limited cabinet meeting.

[Mahroug] However, the limited cabinet meeting took place, following a series of strikes.

[Smaoui] I must tell you very honestly and frankly, on the basis of statistics, that the social situation in Tunisia, after the crisis that we went through, is good, healthy, and reflects a suitable level of health of Tunisian companies. At the time of this crisis they behaved much better than the most optimistic observers expected.

There were two indications of that: the first concerned collective labor conflicts (strikes). We made a comparison. We noted that during the second half of 1990 Tunisia had a real kind of social calm, which was the result of the end of the negotiations and salary increases and of the achievement of that degree of national unanimity around the government during the Gulf war. And that turned attention away from the different actors on the social scene and toward the political scene, where extremely important issues were involved.

The first half of 1991 saw that social calm continue. During the first six months of 1991 the situation was much improved, since there were 340 strikes in this period of 1990 and only 221 during the same period of 1991. The numbers of people affected by these strikes was noticeably smaller (25,000 during the first six months of 1991, compared to 100,000 during the first six months of 1990). The number of work days lost during these strikes (21,800 during the first six months of 1991, compared to 51,500 during the same period of 1990) was also much less. This reflects well the good condition of the social climate during the first six months of 1991.

Certainly, there was a small increase in the number of strikes in June 1991. (There were 50 strikes, compared to 26 in June 1990.) However, about 50 percent of these strikes involved salary and pay claims, while 25 percent of the strikes involved solidarity of the workers with other strikes or with layoffs.

The sectors affected by these strikes were basically the textile, clothing, and shoe industries, which are linked to the export sector. During the first half of 1991 the building and public works sector also experienced some difficulties.

The second indication is that there were also individual conflicts. These involved cases where individuals had a dispute with their employer. We might remark that, despite the difficulties that companies experienced, the number of individual conflicts also slightly declined. (In 1991 there were 9,700 such cases, compared to 10,000 during the same period of 1990.) However, we expected a larger number of such cases.

What is also important is that 70 percent of these individual disputes were amicably resolved, thanks to the assistance of the Inspectorate General of Labor. The overall number of such cases that were registered was noticeably less than the number in 1990. I mention all of this to tell you that the social situation in the companies up to this point is relatively good. Nevertheless, that does not mean that there are no problems. We have particularly noticed indications which, even though they are not very numerous, have concerned us a great deal.

The first case concerns sit-down strikes. We noted that in a certain number of companies (in the metallurgical, chemical, and hotel sectors) the workers occupied their work places from the time when the strike began. This kind of occupation is contrary to the right to work and the provisions of the Labor Code. It constitutes a regrettable precedent. We must face up to these situations by encouraging trade union representatives to avoid such strikes.

The second phenomenon that we noted was the lockout. That is, once the workers go out on strike and after they occupy their work places, the owner of the firm reacts by ordering a halt to activity and closing down the company, without regard for the provisions of the regulations. That also is contrary to the provisions of the Labor Code.

We need not dwell any further on these phenomena. They involved less than 10 companies. However, what is important is that they reflect a lack of confidence in dialogue as a means of resolving conflicts and as a means of resolving problems within the companies. And from this point of view, these two precedents are extremely dangerous.

[Mahroug] The Gulf war is behind us, but its effects on the economy of Tunisia are still making themselves felt. What is the extent of the difficulties facing Tunisian companies as a result of the war?

[Smaoui] It is clear, and we knew this, that the Gulf war was going to have an impact on certain companies, which are largely oriented toward the foreign market.

The number of companies in difficulty has increased noticeably, compared to the same period of 1990. About

120 companies contacted the Inspectorate of Labor and indicated that they are in trouble. The total number of personnel in these companies is about 12,000 workers. They belong essentially to the textile, shoe, readymade clothing, tourism, agro-industry, food, and mechanical industrial sectors.

These companies are in difficulty because they have lost their markets and are short of raw materials. They also face financial difficulties, due to delayed payment of their bills by their customers.

The companies in difficulty have presented claims that were examined by the Central Licencing Commissions, which are designated by the regulations to deal with such matters. And out of 12,000 workers some 6,700 have been kept at work, while 5,300 other workers have been affected by measures involving technical unemployment.

There have also been reductions in the length of the work day (affecting about 1,300 workers), early vacations, reassignments to other jobs and in other companies, and rotational work. Therefore, pragmatic solutions have been reached on a case-by-case basis throughout the companies concerned. This has limited to the maximum extent possible cases of layoffs in these companies.

And there are also companies that have not used this kind of procedure at all and which, without warning, using the pretext of economic conditions, have quite simply closed their doors. There have been about 80 such companies. In these cases we have taken the same kind of action to find solutions.

In all, 9,200 workers have been affected by this kind of action. A total of 1,078 jobs have been lost, of which 400 were in a single company.

Overall, Tunisian companies overcame, without great difficulty, the consequences of this crisis. However, other consequences of the crisis could appear later on. It is not impossible that during the coming months some companies which, up to now, have been able to deal with the situation will no longer be able to do so. It is also certain that only real and frank efforts will make it possible for these companies to emerge from their difficulties.

Therefore, we must be vigilant in the months ahead to avoid a deterioration in the situation. It will also be necessary for companies in difficulty to respect the provisions of the regulations and the procedures adopted by the government, that is, the Central Committee on Dismissals, which has made it possible to deal with this crisis under the best conditions.

[Mahroug] How do you explain that Tunisian companies have been able to perform so well?

[Smaoui] First of all, I believe that this is due to the fact that there has been a dialogue between the different social partners. At no time was the dialogue between the trade unions and management broken off. Then the

state, thanks to its central departments, including the Ministry of Social Affairs and its regional offices, was always able to anticipate the situation and maintain contact.

[Mahroug] However, can and should the state intervene on every occasion in social conflicts?

[Smaoui] I think that the role of the state is very clear. It is essentially an actor in the social sector. What we are looking for is a new role for the state, that is, to be a referee, a conciliator between the different social partners.

This role will continue to be played by the state, which should watch over social cohesion, particularly through the maintenance of a suitable social climate within the various companies.

[Mahroug] After the conclusion in 1990 of agreements between the UGTT [Tunisian General Federation of Labor] and the UTICA [Tunisian Union for Industry, Trades, and Handicrafts], did not we have the right to expect a calmer social situation?

[Smaoui] The 1990 salary agreements and the extension of these agreements into 1991, despite the difficult economic situation, contributed considerably to calming social tensions.

However, I do not think that salary increases are the only cause of social tensions. Companies face conflicts every day, and it is clear that there will never be firm and definitive social peace in this world.

Particularly when we want our society to be opened up to democracy.

[Mahroug] What will be the powers, role, and duration of the committee whose establishment was decided on by the chief of state?

[Smaoui] After two or three weeks, at the most, this committee should submit to the government and to the chief of state a report on the situation of the companies presently going through a certain amount of crisis and certain social tensions.

Within this committee we are going to make a new evaluation of the situation facing these companies. We are going to call on the leaders of these companies.

Everything will be done to reach a solution for the problems of these companies. If we reach such a solution, so much the better. If not, then the procedures provided for by law will continue to be applied, and no one will be able to escape from such procedures.

However, I think that beyond this committee, what is important and what was decided by the limited cabinet meeting, is that the different parties have reaffirmed their deep convictions that a dialogue and respect for the

laws, regulations, and procedures are the only ways to resolve social tensions and are the best guarantee of social peace.

In the same way everyone is unanimously in agreement that unilateral practices in violation of the regulations are unacceptable in a state of laws.

The government is disposed to do everything to prevent such incidents from recurring and such practices from being repeated.

[Mahroug] Were you able to obtain a commitment from the UGTT and the UTICA that they will no longer use sit-down strikes, on the one hand, and lockouts, on the other?

[Smaoui] I think that the social partners have such a level of awareness and responsibility that they understood the danger of such practices and the need to get around them if we want to create the most favorable conditions for undertaking the economic plan under improved conditions.

This is all the more true since the economic reforms envisaged by the Tunisian Government—which are certainly going to be continued and even accelerated—will require restructuring and reorganization in industrial companies. It is necessary to prepare ourselves for procedures and rules of the game, which will make it possible simultaneously to safeguard the interests of the workers and to provide them with job security and will also make it possible for the companies to look toward the future with serenity and particularly to be sure of having all of the conditions available for a higher degree of competitiveness.

[Mahroug] What is the status of the tripartite commission that is engaged in revision of the Labor Code?

[Smaoui] Everyone is unanimously agreed on recognizing that it was necessary and that it is necessary to undertake a review of the Labor Code. I think that it was necessary to wait for the change in government to see this operation under way.

We decided to begin on a clear basis, out of the glare of publicity. This commission is involved in serious work, in depth. It has held 17 meetings. It is tripartite because it includes the UGTT, the UTICA, and the government.

The parties involved exchange written communications, and proposals presented on many points have been very close.

The points of difference are now appearing with much more clarity. I think that we should let this commission continue its work. We hope that very soon we will be able to make public the first proposals.

[Mahroug] Is the commission halfway through its work, a little more, or a little less?

[Smaoui] It is about halfway through its job, if you consider the number of points included in its agenda.

**Bank Report: Increase in Agriculture, Investment**

*91AA0615A Tunis LE TEMPS in French 5 Jul 91 p 2*

[Article by H.E.B.: "1990 Annual Report of the Central Bank of Tunisia"]

[Text] The Central Bank has just published its annual report for 1990.

It appears in the report that the economic and financial situation of Tunisia has been generally satisfactory, despite constraints imposed by the world economy and the existence of a certain number of unfavorable factors within the country, such as floods, the pressures of domestic demand and the impact of the Gulf crisis on trade, external payments, and the status of public finances.

Managing the economy has become easier, thanks to sectors such as agriculture, manufacturing industry, building, public works, and investments, whose performance was limited by the appearance of problem areas, such as the deficit in external payments and the threat of inflation.

The improvement in the level of production of grains, olives, and vegetables stimulated the development of added value in the agriculture and fishing sectors by nearly 27 percent in constant prices, compared to an increase of 5.7 percent during 1990. After two years of drought, weather conditions in 1990 were more favorable for the whole country, with the exception of the northwestern area.

As far as grains are concerned, the substantial rains during November 1990, as well as the action taken, principally involving an increase in crop year loans, the rescheduling of loans for farms located in the areas suffering from drought or affected by hail, the postponement of due dates on loans for the 1989-90 crop year, with the cancellation of interest due and the consolidation of supervised loans, provided a favorable environment for agricultural activity. Truck garden farming also recorded a net increase in production in 1990. This increase was reflected in the level of activity in this sector, affecting all kinds of vegetables, with the exception of onions and artichokes.

For example, the production of tomatoes during the 1989-90 crop year amounted to 530,000 tons, an increase of 20.5 percent compared to the 1988-89 year.

The quantities of fresh tomatoes delivered to the factories accounted for a substantial portion of the increase in production, which made it possible to turn out 70,000 tons of double concentrated tomato products, compared to 61,500 tons in 1989.

Consequently, there was an increase in exports of double concentrated tomato products in 1990, amounting to

6,600 tons worth 6.6 million dinars, compared to 1,500 tons worth 1.7 million dinars in 1989.

The orchard sector also made progress in 1990, thanks to an increase in the quantities of olive products and almonds. The olive harvest amounted to 650,000 tons during the 1989-90 crop year, from which 130,000 tons of olive oil were produced, whereas the market was expected to amount to 110,000 tons.

**Investments: Increase of 24 Percent**

Activity in manufacturing industry, which also played a part in economic and financial recovery, recorded an expansion comparable to the increase in agricultural production. This reflected further development of export activities, particularly textiles, the leather products industry and shoes, and the mechanical and electrical sector, as well as the firming of domestic demand.

Moreover, the consolidation of recovery in the building and public works sector in 1990, with a rate of expansion in added value of about 24 percent in real terms, contributed to the satisfactory results recorded in the economic and financial situation.

The development of the building and public works sector was favored in part by an increase in investment.

In effect the resumption of investment was reflected in an increase of 25 percent in 1990, compared to 19 percent in 1989. Furthermore, gross capital formation surpassed forecasts, amounting to 2.5 billion dinars in current prices.

The recovery of investment affected the majority of the sectors of the economy and was due, in general, to the ruling climate of confidence and the promulgation of the code of industrial, agricultural, and tourist investment, which included measures encouraging investors.

Nevertheless, the development projects approved on the basis of the recovery recorded in 1990 had to be adjusted downward, beginning in January 1991, because of the Gulf war.

**Speculation on Devaluation of Dinar Reported**

*91AA0608A London AL-MAJALLAH in Arabic  
14 Aug 91 p 49*

[Article by 'Abd-al-Latif al-Furati]

[Text] Rumors have abounded for several weeks on the possibility of a new devaluation of the Tunisian dinar due to Tunisia's economic difficulties and the great pressures on its balance of payments, especially following the Gulf war and the collapse of Tunisian tourism, which had been an important source of foreign currency for Tunisia amid a dearth of foreign loans.

However, a Tunisian Finance Ministry official strongly denied the veracity of the rumors, stressing that the position of the country in general, and that of the

national currency in particular, do not require a currency devaluation, despite the pressures on the balance of payments. The source added that Tunisia's foreign currency reserves amount to more than a month's worth of imports, which, while not very soothing, is no cause for alarm.

The most recent report on a possible devaluation of the Tunisian dinar was published by the French magazine, *JEUNE AFRIQUE*, which is published in Paris and managed by a Tunisian businessman considered to be well-informed about behind-the-scenes matters in Tunis. The publication of the report, which was also carried by a number of media, was quickly followed by official denials.

Is a devaluation on the horizon?

Independent economic circles in Tunisia rule out the possibility of a devaluation. They believe that the situation is difficult but not desperate. Moreover, the difficulties being experienced by the country are circumstantial, not structural. If a 12.5 percent devaluation of the Tunisian dinar was effected in 1986, and the government allowed the dinar to slip until it lost 40 to 50 percent of its value in early 1986, there were compelling circumstances for that devaluation: The country had almost ceased meeting its international obligations in mid-1986. Also, it was necessary to set up a structural reform program for the economy based on controlling governmental spending, reducing public and private consumption, promoting production, and directing production toward export markets.

This program was highly successful. Tunisia achieved its highest growth rate during the decade ending in 1990. Hence, economists believe that Tunisia's economic difficulties are temporary, and that the results achieved by the economy in recent years ensure that the effects of these difficulties will be absorbed. They add: "A country devalues its currency primarily to enhance the competitiveness of its exports and to discourage imports, inasmuch as the prices of imports in domestic markets increase automatically and immediately upon a devaluation. Tunisia's exports are currently not in a slump as a result of being priced too high. On the contrary, foreign markets are becoming more open to [Tunisian] goods, be they textiles, which have jumped to the top of the list of Tunisia's foreign currency sources, or food commodities. As for tourism, the recession in Tunisia's tourism market stems from the political conditions caused by the Gulf crisis and war, and to a lesser extent perhaps, from domestic conditions, the climate which the "Ennahdists" [Islamic revivalists] have tried to create, and domestic conditions in Algeria. Thus, prices are not behind the recession in the tourism sector, and one is therefore compelled to believe that a devaluation of Tunisia's currency would have no positive effect on exports or tourism. On the contrary, a devaluation would

increase production costs, given that [imported] equipment and semi-manufactured commodities make up a significant share of the costs borne by agriculture and industry in Tunisia."

The Tunisian dinar, like most other currencies, has lost about 20 percent of its value against the dollar since early 1991. However, since last September, it has been characterized by a degree of stability against other currencies, such as the French franc, the German mark, the British pound sterling, the Italian lira, and others. The Tunisian dinar has also remained at approximately the same level relative to the currencies of countries which compete with Tunisia, including the Maghreb countries, Portugal, Spain, Greece, and Turkey.

Whatever the case, an announced devaluation is unnecessary as long as the floatation of the currency permits it to reach the value which it merits. In the past five years, the Tunisian dinar has lost more of its value through slippage than through announced devaluations.

Also, specialists stress that the dinar's health and the absence of a need to devalue it are indicated by the absence of a black market and the fact that the Tunisian dinar is not being sold for less than it is worth in a parallel market.

#### **New Investment Law Under Consideration**

*91AA0615B Tunis LE TEMPS in French 3 Jul 91 p 4*

[Article by S. Ben Hamadi: "Investment in Tunisia: Soon a Single Investment Code"]

[Text] The elimination of discrepancies in the texts of the laws in force in Tunisia, which has been under way for some time in the context of the overall reform of various areas of national activity, will soon be extended to the laws concerning investment.

In effect there are several investment codes in Tunisia, covering investment in industry, agriculture, and services, in addition to a series of other laws enacted separately and as needed to encourage investment in this or that kind of activity in particular.

The reform under consideration involves combining all of these laws into a single investment code. This effort has several purposes, but it concerns principally the elimination of differences in the laws regarding investment in Tunisia, on the one hand, and updating them, on the other hand, by adapting them to new development needs such as those contained in the Eighth Economic and Social Development Plan (1992-96).

This explains why the government has decided not to promulgate a cultural investment code as had been decided about three years ago.

The new, single investment code will set out the provisions for encouraging investment in the various sectors of activity in accordance with certain national priorities.

Sadok Rabah, minister of national economy, recently raised this question of priorities when he presided over a seminar concerning FOPRODI [Industrial Decentralization and Promotion Fund] at the Agency for the Promotion of Industry. These priorities include promoting exports and encouraging decentralization.

Moreover, a committee has been established to draft this single investment code and to submit it to the government for study by a limited cabinet meeting and then by the full cabinet before being presented to the Chamber of Deputies.

No doubt the new code will take into account the specific aspects of each sector of the economy and its constraints and needs. However, in addition to promoting exports and decentralization, the priorities to be approved will reportedly be extended to certain other sectors essential to development, including in particular learning new technologies and the development of scientific research so that this investment code will have the desired impact and a broad and long lasting effect.

### **Revision of Offshore Banking Laws Said Needed**

*91AA0614A Paris JEUNE AFRIQUE ECONOMIE  
in French Aug 91 p 27*

[Article by Francoise Paoletti: "Hopes Disappointed in Tunisia"]

[Text] Disappointment. That is the feeling now among local authorities regarding eight offshore banks<sup>1</sup> (CIT-IBANK, Tunisian Union Bank, Tunis International Bank, Best Bank, North African International Bank [NAIB], Tunis Arab African Bank [TAAB], Alubaf International Bank, and Loan and Investment Company [LIC]), which have been established in Tunis. In effect, after the passage of the new 1985 law improving the legal status of these banks (defined in the law of 12 July 1976) it was hoped that their activities in the Tunisian economy would be much more substantial.

In general this type of bank avoids exchange control restrictions and has the benefit of a very advantageous tax structure. However, the expansion of their area of operations for the benefit of local companies has not been followed by profitable relationships between the two sides. The latest statistics of the Central Bank of Tunisia provide evidence of this. Over the past five years loans extended to residents of Tunisia—\$257.3 million in 1990—have not increased. The same comment might be made for stock held in resident Tunisian companies that, also in 1990, only amounted to \$8.1 million. Finally, the offshore banks have only invested a small part of their capital (\$412.7 million in 1990) in Tunisian banks that, on the contrary, turned over to them the management of more than \$751 million in 1990.

Although to some extent they have not shown much interest in the Tunisian economy, the offshore banks have nevertheless made good profits on their activities. Between 1987 and 1989 their business turnover doubled,

going from \$46.1 to \$91.1 million. In effect, it seems that they preferred other countries of the Maghreb area, such as Algeria and Libya.

But why have they integrated themselves to such a small extent in the Tunisian economy? An executive of one of the offshore banks replied: "There are too many banks in Tunis and too much competition. The revised law of 1985 is still too restrictive."

The principal complaint made against the law concerns the provision that nonresident banks cannot open accounts in Tunisian dinars if they have not bought shares in local companies. Now this restriction strongly displeases the bankers, who prefer to invest their capital in the form of loans, a much more profitable form of activity.

We were told at the NAIB (North African International Bank): "Not being able to take care of all of the banking activities of a company penalizes us in two ways. First, because the customer is not accustomed to change from one bank to another. He borrows money from the bank where he maintains his checking account. This leaves no room for competition. Then, because even if he comes to borrow money from us, we will have a problem of guarantees. In effect, all of these risks will be handled by his usual banker."

Another reason for dissatisfaction is that Tunisian banks can extend loans at preferential interest rates (between 8.25 and 9.0 percent) to certain, priority sectors such as agriculture, PME [small and medium-sized companies] firms and exporters. It is impossible for offshore banks to compete in this area with interest rates slightly less than 15 percent. However, it would seem that this problem is being resolved now that the Central Bank has scheduled the progressive abandonment of these favored rates.

The unrealized hopes of 1985 are now causing further reflection. The progressive liberalization of the banking system is now on the agenda. If Tunis still has the ambition to be an international financial center, this will necessarily involve easing exchange controls and making the dinar convertible. The new stock exchange law of 1980, which set up a financial market in foreign exchange in particular, seems to be a first step in that direction.

### **Proposed Solutions to Social Security Issues**

*91AA0615C Tunis LE TEMPS in French 3 Jul 91 p 4*

[Article by Mouldi M'Barek: "Social Security: for a Coherent, Rational, and Effective System"]

[Text] After 1993 the social security trust funds will be in deficit. The reasons are numerous and complex: a weakness in the real rate of social security coverage, a multiplicity of systems, rigid management structures, and an awkward administrative organization.

Mohamed Salah Kasmi, administrator general of CAVIS [Non-Salaried Senior Citizens Insurance Fund], an author and specialist on social security matters in Tunisia, has agreed to explain to us the social security situation in Tunisia and to suggest solutions to its problems.

According to Mohamed Salah Kasmi, "The Tunisian social security system covers nearly 1.2 million persons actively employed and 230,000 retired persons, or nearly 4.0 million persons eligible for benefits."

"Tunisia has concluded 10 conventions providing for reciprocal, social security coverage with Algeria, Libya, Morocco, France, Germany, Belgium, and Italy."

"Despite these considerable and real achievements the social security system contains a number of weaknesses and gaps. For example, the system covering nonagricultural, salaried workers only includes about 74 percent of the eligible population. Some 23 percent of salaried, agricultural workers are covered, as well as nearly 19 percent of self-employed farmers. The real extent of coverage of self-employed, nonagricultural workers is no more than 16 percent. In short, the overall rate of coverage of all sectors is about 63 percent."

"In other words 37 percent of the population eligible under the law do not have any social security protection."

"However, despite these figures Tunisia is a progressive country in terms of social security coverage."

Mohamed Salah Kasmi said: "In addition to weaknesses in the real rate of coverage the other gaps can be summarized under three headings:

(1) A number of systems has evolved in response to circumstances. For example, health insurance is provided under numerous systems (managed by the CNRPS [National Retirement and Social Security Bank], the CNSS [National Committee for Social Solidarity], and the CREGT [expansion not given], special systems, mutual systems, and systems set up under specific agreements). As a result, there is waste, which damages the interests both of the insured as well as the employer and society.

(2) A variety of rigid, management structures incapable of providing for rational administration or of contributing to the harmonization of social security systems. Consequently, the following problems have appeared: a large number of systems at times provide for dual coverage and inequalities in the treatment of persons insured under the social security systems.

(3) Financial deficits in certain systems and certain areas of social security, resulting from the provision of allowances not involving any contributions by those covered, such as early retirement proportional to the extent of the phenomena of under declaration and nondeclaration of income and nonrecovery of social security contributions."

"These shortcomings threaten to make it no longer possible for the social security system to meet the necessary conditions for it to continue to exist, that is, the control of costs within the system, the optimum combination between cost and the quality of service provided to persons covered by the social security system, and the need to harmonize differences between the various systems."

"If these conditions are not met, the achievements of the social security systems risk being weakened and could involve, by the same token, unsustainable costs for the national economy and community."

To deal with this situation, Karim proposes:

"(1) An increase in the extent of social security coverage, particularly by providing:

- Better information to the public and employers by carrying on campaigns to make them aware and to inform them.
- Active participation by workers and employers and particularly by trade union and management organizations.
- Strengthening the material and personnel resources of the control systems.
- Stimulating press and public relations services in the social security funds.

(2) Coordination and harmonization between social security sectors and systems. To reduce disparities and rationalize the system, it is important to:

- Provide for a basic system, or a minimum amount of coverage for all of the people, plus optional systems.
- Limit contract groups to a complementary role to avoid double coverage.
- In the health field clarify the role of each participant, both in terms of providing health care as well as in terms of financing.

(3) The rational restructuring of the social security funds."

He said that in this regard it would be appropriate to make a decision on the question of restructuring provided for by the Law of 1 September 1986. That is, by implementing this reform, changing or abandoning it, or replacing it with an alternative solution.

He continued: "Of course, the essential point does not lie in the adoption of this or that scheme for restructuring the system. Rather, it involves preventing administrative delays that provoke irritation and anger among those covered by social security and those receiving allowances under these systems, lowering administrative management costs by better use of technical resources, including data-processing tools in particular, and improving the quality of the service provided by developing the areas for the reception of applicants and providing information."

"The organization of the system must be logical, rational, and economical. If restructuring the system appears essential, it would be appropriate to emphasize that the importance of the problems and their complexity require excluding any haste and providing for a reasonable amount of time for the conduct of research."

"(4) Preserving the financial viability of the social security systems by strengthening programs to recover loans extended by the social security funds, by struggling against under declaration and nondeclaration of income and by increasing surplus resources available to the social security funds by seeking new forms of investment that simultaneously ensure profitability, economic development, and the security of the capital invested. The rate of return on investments made by the social security funds is not much more than 3.4 percent, which, taking into account the increase in the cost of living, amounts to a depreciation of reserves."

"(5) Strengthening social security programs by decentralization, the development of data processing systems, personnel training, simplifying the handling of case loads, and procedures for extending allowances."

"All of these proposals should be developed in the context of an overall, coherent, and planned strategy. A national commission or a higher social security council could be a good framework for reflection and consultation."

Regarding the financial situation of the social security funds, Kasmi considers that, "the Tunisian social security system is collecting resources in the order of 577 million dinars, or 5.29 percent of gross domestic product. The rate of collection is 2.1 and 2.3 percent in Morocco and Senegal, respectively."

He continued: "Today certain retirement systems are experiencing a period of deficits in their financial situations, whereas in other countries such systems are recording surpluses in the order of 60 percent in Syria, 50 percent in Malaysia, 40 percent in India, and 30 percent in Ghana."

He stated that, "The demographic ratio between persons actively employed and retired people in Tunisia has declined from 6.64 in 1985 to 5.0 at present. There will reportedly be about 500,000 retired persons in Tunisia by the year 2000. To this demographic problem will be added an inadequate feeling of solidarity among persons insured under the social security system, particularly regarding special systems in the self-employed, private sector and among salaried, agricultural workers where the average age of the population is over 50. For the proper functioning of the principle of solidarity, the average age should be 35."

He continued: "Although Tunisia has been able to bear the burden of a high level of social security coverage during the preceding decade, thanks to a favorable economic situation, this is no longer the situation now.

Present forecasts anticipate deficits in the financial situation of the social security funds, beginning in 1993. We are placing at risk the future of our children."

He concluded: "Consequently, the time left before we encounter this storm (that is, a financial deficit, beginning in 1993) should make it possible for us to bring in reforms by the year 2012, when there will be no more than three persons in the active labor force to support one retired person."

### **Tunis Urban Planning Director Discusses Problems**

*91AA0615A Tunis LE TEMPS in French 3 Jul 91 p 4*

[Article by Z.A.: "Reflections on the Revision of the Basic Plan of Urban Development"]

[Text] During the 14th century the great Ibn Khaldoun wrote the following about the development of the city of Tunis: "The city should be built on an agreeable site suited to the proper circulation of air to prevent sickness. In fact, polluted air and the location of the city near swamps or impure water will cause public health to deteriorate and sickness to appear among the inhabitants of the city."

Hassouna Abdelmalek, director general of the District of Tunis, began his opening speech to a seminar on the basic plan of urban development in Tunis with the above quotation. This introduction placed the subject properly in its present context. For were the conditions posed by Ibn Khaldoun respected some five centuries later on? As of the end of the 20th century how does the capital city look? Does air circulate well through the city? Everyone and anyone living in or frequently visiting the Tunis area has a right to ask these and many other questions of major importance, as the urban development of this area is far from satisfactory.

Although urban planning experiments began in the colonial period, were continued after independence, and were consolidated in the past 10 or 15 years, Abdelmalek's report pictured the principal problems of the city of Tunis under two headings: structural problems and temporary problems. The structural problems originated in "marked tendencies in various urban planning documents from the period before the adoption of the regional development plan (1977), whose impact created problems in metropolitan Tunis."

Regarding temporary problems, the Tunis area is facing real difficulties as a result of the urban "boom" that it has gone through—and which, moreover, is continuing—beginning in the 1970's.

In this connection we might mention, first, the phenomenon of illegal construction of housing, which has had the direct consequence of removing agricultural land from cultivation. As a result more than 100 hectares have been taken out of production in the course of 15 years. This amounts to about one-third of the area of the

city and more than one-half of the land used for housing. The other problem is reflected in the rapid expansion of the metropolitan area and the waste of space. As a result the area of the District of Tunis has gone from less than 10,000 hectares in 1975 to nearly 19,000 hectares in 1990, whereas the population growth has only been 3.2 percent annually. A comparison with the Paris area brings out the fact that the District of Tunis has added an average of 500 hectares per year, while the metropolitan area of Paris has increased by 1,200 hectares annually. The population of Paris is seven times that of Tunis.

Clearly, this urban concentration has created other problems in terms of the material, financial, and human resources available to the District of Tunis. Among these problems are the shortage or absence of basic infrastructure (sanitation, water, electricity, roads, etc.) and equipment to meet the social needs of the entire population.

#### **New Problems Between Now and 2000**

There is also the failure of the urban transportation system to keep pace with the need, characterized in particular by the saturation of municipal transportation facilities.

By the year 2000 the Tunis area will have other problems, particularly unemployment, which will affect a growing number of young people, since it is anticipated that by the end of the century more than 2,350,000 people will live in the District of Tunis.

Nor will metropolitan Tunis be free of external challenges, including the appearance of regional groups such as the Europe of 1992, the UMA [Arab Maghreb Union], etc. or, even more to the point, technological changes.

To all of the above, in particular, will be added the consequences of political, institutional, economic, and social changes already under way in the country.

Therefore, this is a situation that calls for new steps, including the total revision of the basic plan of urban development in the District of Tunis.

The seminars sponsored by the District of Tunis have the specific objective of encouraging reflection on this kind of change. However, some ideas have already been adopted, such as the need to define the roles and responsibilities of all organizations and groups involved in urban development, defining their interrelationships, the framework in which they should operate, and identifying the human, technical, and financial resources that will make it possible for each of them to play its own role.

During the two days of the seminar the participants were able to go a little deeper into these ideas and into many others.

In any case the debate on the need to provide new answers to present and future problems of urbanization in the city of Tunis, in which all of the participants in the

seminar are taking part, has only begun. This seminar is only the first stage, the very first effort undertaken for this purpose.

## **UNITED ARAB EMIRATES**

### **Law Allows Wholesaling, Retailing by GCC Members**

*91AE0543A London AL-HAYAH in Arabic  
4 Aug 91 p 11*

[Article: "Text of UAE (United Arab Emirates) Resolution Allowing Gulf Arabs To Engage in Retailing, Wholesaling"]

[Text] Dubayy, AL-HAYAH—Government economic agencies in the UAE [United Arab Emirates] have begun to apply a cabinet resolution permitting citizens of GCC [Gulf Cooperating Council] countries to engage in retailing and wholesaling in the UAE.

The resolution, issued by the Ministry of Economy and Commerce as Resolution 6/1991, contains the following:

#### **Article One**

In applying the provisions of this resolution, the following words and expressions are used in the sense explained after each of them.

- Country: the United Arab Emirates (UAE);
- Competent authority: the competent department in the particular emirate;
- Retailing: purchasing goods or merchandise with intent to sell them directly without intermediary to consumers, such activity being carried out on a continuous basis from premises licensed for such purpose;
- Wholesaling: purchasing goods or merchandise from the domestic market or importing them from abroad with intent to sell them in the domestic market or export them, such activity being carried out on a continuous basis from premises licensed for such purpose.

#### **Article Two**

Without prejudice to any preferable provision appointed by laws and regulations in force in the UAE regarding the exercise of economic activity, citizens of GCC countries, both natural and legal persons, shall be allowed to engage in retailing and wholesaling in the UAE as follows:

##### **1. Natural persons:**

- A. Must be resident in the UAE
- B. Must engage in the commercial activity in person
- C. Their practice must be limited to one activity and one location
- D. They must be of good conduct and behavior

2. Legal persons:

A. Their activity must be in the form of a company founded in one of the GCC countries and the company's capital must be totally owned by citizens of that country.

B. Citizens of the country must participate at least 50 percent in ownership of the company.

C. Legal persons may open more than one branch to engage in their activity, provided they obtain the required permits.

**Article Three**

Natural or legal persons who wish to engage in retailing or wholesaling in the country must apply to the competent authority to obtain the required permits to engage in the activity which they want to pursue. The rules applied to natural or legal persons who have obtained UAE nationality shall, in this case, be applied to them.

The competent authorities in the UAE shall furnish the Ministry of Economy and Commerce with a copy of every commercial permit issued to a natural or legal person from a GCC country to engage in retailing or wholesaling.

**Article Four**

Natural or legal persons licensed to engage in retailing in accordance with the provisions of the aforementioned Federation Law 2/1989, Cabinet Resolution 6/1991, and this law may not import goods or merchandise from abroad or carry on the activities of commercial agency in the UAE.

Such persons shall have the right to purchase goods or merchandise from the domestic market, provided that their activity is limited to selling retail directly to consumers from the licensed premises.

**Article Five**

Natural or legal persons licensed to engage in wholesaling in accordance with the provisions of the aforementioned Federation Law 2/1989, Cabinet Resolution 6/1991, and this law may import and export goods and merchandise in accordance with the laws and resolutions in force in the UAE in such manner as does not conflict with the provisions of those laws and resolutions. These persons must provide replacement parts and maintenance and warranty requirements for durable goods that they import from abroad.

**Article Six**

Natural persons who are [GCC] citizens or legal persons that have obtained GCC nationality and are licensed to engage in retailing or wholesaling in accordance with the provisions of the aforementioned Federation Law 2/1989, Cabinet Resolution 6/1991, and this law shall have the right to benefit from public services and obtain everything required for engaging in their activity. The

rules applied to natural or legal persons who have obtained UAE nationality shall, in this case, be applied to them.

**Article Seven**

The relevant agencies, each in its area of special competence, shall implement the provisions of this resolution.

**Article Eight**

This resolution shall be published in the official journal and shall come into force from the day of its publication.

Sa'id Ahmad Ghubash  
Minister of Economy and Commerce

**Dubayy Ports Handle Record Number of Containers**

*91P40427A Doha AL-SHARQ in Arabic 11 Aug 91 p 9*

[Text] The Dubayy Port Authority [DPA] broke all existing records for handling containers last month when Port Rashid and Port Jabal exceeded their set objectives for July, individually and collectively, by substantial amounts.

During July, the total number of 20-foot-long containers delivered was 113,425. This was 13 percent over the previous record of 100,817 in May.

Port Jabal in July last year recorded a 78-percent increase in handling a record 42,643 containers; that is 3,000 containers more than May last year, which had been also the best month ever.

Port Rashid registered a record number for one month by handling 70,782 containers, which is a 15-percent improvement over the May 1990 record and 31 percent over July of last year.

Sultan bin-Salim, chairman of the board and elected member for the DPA, said: "These accomplishments, which have broken a number of records, are due to a recovery in the area's commercial activity after the liberation of Kuwait, and to the reorganization of Dubayy's ports recently. We expect to see this growth continue as we intensify our marketing efforts to achieve the hoped-for results with the shipping and maritime companies. Our sales representatives are introducing these companies to and acquainting them with the many services that the DPA can offer them, and our agents are responding by supporting their operations to and through Dubayy."

Since the beginning of this year, both ports have been recovering from the nadir of cargo operations during the new year. As of the end of July, DPA has handled 618,063 containers. This is 10 percent over the 564,821 containers handled during the first seven months of 1990. During that time, the August 1990 invasion of Kuwait had not had any effect on maritime activities.

Bin-Salim stated in a meeting with the officials of the shipping and maritime companies in Dubayy recently that, in order to maintain the current continuous growth, the DPA will buy the needed equipment and make the necessary arrangements to meet the growing demand.

### Oil Company Production Chart for 1988, 1991

91AE0543B London AL-SHARQ AL-AWSAT in Arabic  
3 Aug 91 p 10

[Table: "Production of Oil Fields in UAE (United Arab Emirates); Oil Company Shares"]

[Text]

Production of Oil Fields in UAE, Oil Company Shares					
Field	Company	Partners	Share	1988, Thousands of Barrels/Day	1991, Thousands of Barrels/Day
Murban	ADCO	ADNOC	60%	600	950
		Abu Dhabi Petroleum Co.	40%		
Umm al-Shayf	ADMA-OPCO	ADNOC	60%	280	500
		BP	14.66%		
		Total	13.33%		
		Jodco-Japan	12%		
Upper Zakum	Zadco	ADNOC	88%	90	300
		Jodco-Japan	12%		
Lower Zakum	ADMA-OPCO	ADNOC	88%	90	200
		Jodco	12%		
Al-Bukhush	Total (ABK)	Total	51%	10	40
		Kerr McGee	12.25%		
		Amerada Hess	12.25%		
		New England Petroleum	34.5%		
Abu Dhabi Other Fields			70	200	
Dubayy	Dubayy Petroleum Co.	Conoco	30%	350	430
		Total	25%		
		[Rabsol]	25%		
		Texaco	10%		
		Sun	5%		
		Wintershall	5%		
Al-Shariqah	Crescent	Ashland	25%	10	5
		Buttes	25%		
		Sculley	25%		
		Kerr McGee	12.5%		
		Occidental	10%		
		Juniper	1.8%		

### Budget Edicts Issued, Expenditures Described

91AE0564A Dubayy AL-BAYAN in Arabic 29 Jul 91 p 2

[Article by Yusuf Karkuti: "Head of State Issues Decrees Setting UAE Budget for 1991; Expenditures Are 16.4 Billion Dirhams, Deficit 1.164 Billion; 2.4 Billion Dirhams for Education, 1.9 Billion for Interior, 1.1 Billion for Health"]

[Text] Shaykh Zayid Bin Sultan Al Nuhayyan, president of the United Arab Emirates [UAE], issued several edicts to federal laws pertaining to setting the UAE general budget for fiscal year 1991, along with supplemental budgets.

UAE general budget expenditures for fiscal year 91 have been set at 16.41374 billion dirhams. Revenues for the fiscal year have been estimated at 15.2581 billion dirhams.

The decision was made that this budget would be effective from 1 January 1991 to 31 December 1991.

The UAE president also issued a federal ordinance with regard to setting the budget for the UAE National Assembly for fiscal year 91 at 14.625 million dirhams. Federal ordinances were also issued fixing the budget of UAE University for fiscal year 1991 at 502.259 million dirhams; the budget of the Higher Technical Colleges Complex for fiscal year 1991 at 134.348 million dirhams; the budget of the Institute of Administrative Development for fiscal year 1991 at 6.68 million dirhams; and, the Public Information Agency budget at 16.65 million dirhams.

Total fiscal allocations for the ministries and other governmental agencies for fiscal year 1991 are as follows:

- Ceremonies and Hospitality Administration, 36.358 million dirhams;
- Office of the Prime Minister, 13.371 million;
- Ministry of State for Supreme Council Affairs, 3.304 million;
- Ministry of State for Cabinet Affairs, 81.507 million;
- UAE National Assembly, 18.635 million;
- Office of Accounting, 27.611 million;
- Ministry of Interior, 1.9367 billion;
- Ministry of Justice, 88.263 million;
- Ministry of Religious Endowments [Awqaf], 173.32 million;
- Ministry of Finance, 58.38 million;
- Ministry of Planning, 19.535 million;
- Ministry of Oil, 59.544 million;
- Ministry of Economy, 19.907 million;
- Ministry of Foreign Affairs, 310.425 million;
- Ministry of Information, 256.39 million;
- Ministry of Higher Education, 5.051 million;
- Ministry of Youth and Athletics, 68.362 million;
- Ministry of Education, 2.458688 billion;
- Ministry of Health, 1.11693 billion;
- Ministry of Public Works, 179.383 million;
- Ministry of Communications, 75.744 million;
- Ministry of Electricity and Water, 1.401959 billion;
- Ministry of Agriculture, 135.956 million;
- Ministry of Labor, 641.29 million

UAE general budget revenues for fiscal year 1991 were estimated at 15.2581 billion dirhams, which includes the emirates' contributions of 13.172 million dirhams, and ministries' revenues of 2.0861 billion dirhams.

The general guidelines accompanying the edict for the federal law concerning the UAE general budget for fiscal year 1991 stressed that category-to-category transfers among categories of the UAE general budget would only be permitted by law, and that any ministry or agency would be allowed to request item-to-item transfers among budget items, with the exception of items prohibited from transfer, if it is repaid by an unused credit in another item of the same category. No ministry shall be permitted to conclude a contract that results in a financial obligation that extends beyond the fiscal year in

which it was concluded to a future fiscal year, except with the approval of the Ministry of Finance.

The general guidelines also stipulated that the minister of finance has the authority to regulate contracts of supply and public works that do not pertain to projects. The ministries are permitted to undertake business for those two contract categories in accordance with a decision issued by the cabinet. The guidelines appended to the UAE general budget also have the force of law. Each ministry must be bound by the special guidelines cited in its budget and may not transfer items previously transferred to it. The Ministry of Finance and Industry shall be permitted to create items for which credits in an agency's budget have not been allocated, and to support them in exchange for unused credits in the remaining items in the same category.

Moreover, no credits may be disbursed for purposes other than for which they were allocated, nor shall there be a deduction in disbursements from other items. All ministries and agencies must be obligated by the provisions of all laws and regulations during the use of credits allocated to them.

Each ministry, agency, and organization must expend its credits as required by the flow of operations, without extravagance and at lowest cost. These quarters must also avoid anything that, in the last months of the fiscal year, might result from a hasty commitment to actions, services, or purchases for which there was insufficient investigation or study. Nothing shall be submitted to the cabinet for issuance of decisions or laws that could result in financial burdens on the budget.

Provisions of the general guidelines include the fact that the cabinet shall allow the exemption of persons with regard to some or all legal claims owed by them to the state or public corporations, or the assignment of some or all legal claims to the state or public corporations, according to the circumstances as determined by the cabinet. The cabinet shall be charged with executing UAE funds, fees, and earnings. All debts may also be canceled over time for the benefit of the state and public corporations, for which payment is not requested before the end of the fifth year following the fiscal year in which those debts were accrued. All debts of the state and public corporations to individuals may be canceled over time, for which payment is not requested before the end of the 10th year following the fiscal year in which the debts were accrued. Grants, donations, subsidies, and assistance may be given by the state to individuals or corporations in accordance with regulations determined by the cabinet.

Article One of the provisions of the general guidelines stated that it shall not be permitted—without a law—to exceed the number of positions included in the general budget nor to change their titles. It shall also not be permitted to create new positions on unused credits in Article One, nor to transfer unused credits in this article, nor to increase credits allocated for daily workers

included in the budget, except after obtaining the approval of the Finance Ministry. No ministry shall be permitted to create fiscal obligations, conclude contracts, or issue a discount with regard to credits for leasing residences of officials.

With regard to fixed investments for projects, Article Four states that neither the Ministry of Planning, the Permanent Committee for Projects, nor the ministries, shall establish projects, or obligations, or submit or invite bids for any projects not included in the annual or general plan, except by law. The ministries and public administrations in the UAE are permitted to invite complete bids for projects in Article Four, so that the contract includes completion of installations and public works, in addition to supplying complete equipment and materials required for the project. If a project that is included in Article Four is not completed during the year in which the allocation for that project was placed in the budget, the remainder of the project's credits shall be incorporated into the following year's budget. Included in the powers of the Permanent Committee for Projects is the authority to approve a 20-percent increase in the total costs allocated for the project to a maximum of 10 million dirhams. The committee may also study projects whose total costs have increased more than 20 percent over their allocations or have exceeded 10 million dirhams, and then submit the study to the cabinet. The Permanent Committee for Projects is authorized to decide on the method of choosing the contract, with regard to investment projects included in the UAE general budget, in accordance with regulations stipulated in the decision issued by the cabinet in this regard.

### Conference Discusses Women in Workplace

91AA0572A Abu Dhabi AL-ITTIHAD in Arabic  
12 Jun 91 p 12

[Report by Nadiyah Yusuf]

[Excerpts] In accordance with the directives of Her Highness Shaykhah Fatimah bint Mubarak, president of the General Federation of Women and the al-Nahda Society of Abu Dhabi Women, Minister of State for Cabinet Affairs Sa'id Khalfan al-Ghayth inaugurated the symposium on "Emirate Women's Participation in the Workplace" organized by the General Federation of Women in cooperation with the Institute for Administrative Development at the Federation headquarters.

The symposium was attended by more than 100 female citizens who hold leadership positions in various state agencies, as well as by Deputy Minister of Education Khalifah Bakht and Deputy Minister of Planning Ahmad al-Mansuri; Deputy Minister of Labor and Social Affairs Muhammad 'Issa al-Suwaydi; Yusuf 'Issa Hasan, director of the Institute for Administrative Development [IAD] in Abu Dhabi; Dr. George Qanawani, chancellor of the IAD; Prof. Khalfan 'Ali al-Musbah, the Institute's Director of Training; Dr. Amnah Khalifah of the Federation of Women; Prof. Jum'a al-Salami of the Abu Dhabi

Chamber of Commerce and Industry; and many leaders of the country's women's community as well as of women's societies and the Federation of Women.

The opening began with the speech of His Excellency Sa'id al-Ghayth, in which he emphasized on the role of women's work in the Emirates and said, "It pleases me to welcome you in this place, which witnessed the beginnings of the launching of women's work in the Emirates, and it gives me pleasure to thank you for your taking part in this symposium, "Emirate Women's Participation in the Workplace." [passage omitted]

He said that the symposium was a new and blessed step on the road of women's distinguished activity and would meet with success, "thanks to the excellent promotional efforts of the cream of the women's leadership in our young country."

Then the General Federation of Women's speech was presented, in which it was noted: [passage omitted]

"The statistics were shown to be true, that the rate of female education has increased remarkably over what it had been before the founding of the state, beyond what any researcher might have reckoned. Perhaps we need not ignore the numbers whose graduation from Emirates University we celebrate every year, to say nothing of our female graduates of other Arab and foreign universities, fundamental and developmental institutes, and others. If we look beyond the hall in which we are now meeting, we find our daughters are university professors, deputy ministers, school principals, doctors, engineers, technical and administrative directors, and experts of all kinds."

### Ladies and Gentlemen:

[passage omitted] "While I fully appreciate these facts, we must take a firm and faithful stand ourselves and discuss an issue I believe will be the focus of major interest to researchers and participants in this symposium, which is the relation between the number of women in this country, the number of graduates of the various levels of schooling, and the rate of women's participation in the workforce. By discussing this subject through working papers by the experts of the Institute of Administrative Development and the Women's Federation, we will attain, God willing, the desired goals and emerge with important recommendations that will strengthen our resolve to rid ourselves of the obstacles facing our female citizen in the workplace so that she might pursue her hoped-for positive role there, and occupy her appropriate position and enhance, by virtue of productive power and factors of goodness and growth, our country's strength and establish its place among the advanced countries. For in the advanced countries' renaissance they rely on exploiting all their human resources, both men and women."

Then Yusuf 'Issa Hasan, director general of the IAD presented his symposium speech. [passage omitted] He said that in the old days women had suffered from many

problems, but that the status of women had greatly changed in the modern age as a result of the principle of equality and its recognition by many rights in all fields. "In addition, our Islamic religion has accorded women a special importance by making their role in society no less important than men's, or even comparable; and was there any task more lofty and sublime than raising future generations, the basis of society and its bulwark? And the Holy Koran devoted a whole chapter to women, setting out their rights and duties—the Sura of Women. Thus the concern of the people of the world and the United Nations for women, and the improvement of their status in every country of the world, had designated for them a year named "The Year of the Woman" which focused on women and their problems. This modern state and its development programs focus primarily on the existence of an appropriate and effective administration, and created the IAD from this comprehensive vision, which looks to prepare and train female citizens to be an effective tool in the march towards development. In this respect, cooperation and coordination with the Federation of Women had become stronger, and a number of special women's programs had been put forth. There had been six training programs for women in the first half of 1991 alone." He concluded by saying that whatever would be discussed by the men and women [of this symposium] concerning women's productivity would be an opening and an incentive for all ladies in the society to carry out their roles as fully as possible. [passage omitted]

After a short break, working papers were presented. The first dealt with "An International View of Women's Work" by George Qanawani, the chancellor of the IAD, in which he said that there was a continuous surplus of women entering the job market at the international level, although the participation of women in a large number of countries was still limited to certain sectors and was still liable to obstacles. "We must insure that disregard of the woman's role in development, when they represent about 50 percent of the population, means a waste in the mobilizing of human resources to speed development itself and achieve its economic and social goals. In addition, technical advancement in many countries had opened new horizons that provided new employment opportunities for women in additional sectors."

The second working paper was then presented, giving the view of the Ministry of Labor and Social Affairs on women's work. It was prepared by Deputy Minister Muhammad 'Issa al-Suwaydi.

The working paper—"The Woman in the United Arab Emirates and Her Role in Development"—also included women in the Arab Gulf states, then spoke of women and teaching, women and employment, women and volunteer social work, the role of social development centers in serving women, and a look at the future role of women in development. The paper touched on the subject of consumer trends in society at large, and among women in particular.

At the close of the discussion, studies, recommendations, and proposals relating to these topics were submitted.

The third working paper, meanwhile, was a study by Khalfan 'Ali al-Musbah, director of training in the IAD, entitled "Working Women Citizens in the Federal Government." This study contained most of the statistics available about the labor market in the Emirates' federal government. It told of the number of working women in the country, based on sources the researcher supported by the Ministry of Planning and Statistics, the Federal Office of Employee Affairs, and the annual statistical handbook.

The fourth paper, entitled "Obstacles to Women's Employment in the State," was presented by the General Federation of Women.

The paper discussed social, cultural, personal, economic, administrative, planning, organizational, legal, and constitutional obstacles.

At the end of the discussion, recommendations were submitted to help women enter various fields of employment.

After the fourth paper was presented, there was an open discussion among the attendees moderated by Ms. Mahfuzah al-Junaybi from the educational activities department of the Abu Dhabi Educational District.

There were small-group and comprehensive discussions of obstacles to women's employment and the role of ministries and various specialized agencies in dealing with these obstacles. Representatives of the ministries responded to questions from the ladies present on obstacles to women's employment in the state.

#### **Somali Convicted for Smuggling Heroin**

*91WD1105Z Dubayy AL-BAYAN in Arabic  
29 Jul 91 p 5*

[Article by Fadilah al-Mu'ayni: "35 Years Prison and Deportation for Heroin Distribution Gang in al-Shariqah]

[Text] Information arrived at the Counternarcotics Division of the Shariqah Police Administration indicating that the first suspect, Thabit N.S., of Somali nationality, was in possession of a quantity of narcotics and was actively dealing in drugs. He reportedly sold it, packaged in a photographic film can, for 5,000 dirhams per can. He was living in one of Dubayy's hotels.

According to this information, one of the police's undercover sources had agreed with the aforementioned to purchase three cans of heroin for 15,000 dirhams, and the first suspect set a date for delivery. After obtaining a warrant from the public prosecutor's office for the suspect's search and arrest, an arrest team was formed and was sent to Dubayy with the source. There the source met with the first suspect, where he continued to be under surveillance for three hours. Later, the two men

went to a building, and then got into the first suspect's car and drove to al-Shariqah, where the car was searched and the first suspect arrested. The marked sum of money was seized from his pants pocket, while the three cans containing the heroin were found in the car.

According to the police record, the first suspect—Thabit N.S.—stated that he had obtained the drugs from a Somali woman, whose name was Safiyah J.J., who had asked him to distribute the drugs. He stated that he had an appointment to meet her, to give her the money he had received from the sale of the heroin. The first suspect continued to be under surveillance, but the woman did not show up for the meeting. After a search and investigation, it became clear that the woman was in Abu Dhabi. The next day, she called the first suspect's room, and told him she had more drugs. She asked him for the money for the drugs that she had previously given him. He told her that he had dealt the drugs, and that he had the money. She told him that she would be there the next morning, because she intended to send some money to Somalia.

After a warrant was issued by the public prosecutor's office for the second suspect's search and arrest, the arrest team went to Dubayy, accompanied by the first suspect. The woman met with the first suspect, got into his car, and they drove together to al-Shariqah, under strict surveillance. In al-Shariqah, the vehicle was searched and the second suspect arrested. The marked money was confiscated, along with a plastic case containing coffee-colored material suspected to be heroin, that was in her handbag.

According to the second suspect's statement, she obtained the drugs from a person named Muhammad 'A.J., an Ethiopian who lives in Abu Dhabi. She said that this third suspect asked her to distribute drugs. Acting on this information, the arrest team went to Abu Dhabi and provided the female suspect with 15,000 dirhams. She went to the apartment accompanied by a police officer and found a fourth suspect in the female suspect's room. She asked him to look for the third suspect. In fact, he did look for him, and brought him to the apartment. The female second suspect gave the third suspect the money and, after the agreed-upon signal, the third suspect was arrested.

According to the fourth suspect's statement, he saw the third suspect hide a case behind the kitchen air conditioner. By searching the apartment, a case was found containing 13 medium-sized sacks, each containing heroin of the same type as in the case that was confiscated from the second suspect when she was arrested. The amount weighed one kilogram.

This matter was referred to the public prosecutor's office, where it was determined that this case constituted the felony of importing a mind-abusing substance under illegal and unlicensed conditions. The third suspect, Muhammad 'A.J., was charged with the felony of importing a mind-abusing substance; it was proven by

his confession in all phases of the investigation and in judicial proceedings. The third suspect was also charged with possession with intent to distribute, which was also proved.

The first suspect, Thabit N.S., was charged with possession of heroin with intent to distribute; this was proven by the confirmed facts of his arrest and by his confession during investigation. Accordingly, in the face of the evidence, the court was satisfied with regard to all procedures the accused underwent from the time of his arrest until he was represented before the judge. He was found guilty as charged.

The second suspect, Safiyah J.J., was charged with possession of heroin. This was proven in her case by the facts of her arrest and her confession throughout the stages of investigation. The fourth suspect, Isma'il M.N., was charged with possession of heroin with intent to distribute. This was not proven in his case, inasmuch as the evidence did not substantiate the charge, either by the statement of the second suspect, which had established that the fourth suspect brought her the case containing the narcotics from the third suspect. This is what caused the court to have doubts, since there was no evidence to substantiate this. Criminal provisions insist on incrimination and certainty, not on suspicion and conjecture. Accordingly, the fourth suspect's innocence of the charges against him had been established by the court.

The al-Shariqah civil court, presided over by judge 'Ali Sa'id, with Assistant Prosecutor 'Arafat Abu [Saydu] in attendance, sentenced the first suspect to 10 years in prison, the second suspect to 10 years in prison, the third suspect to 15 years in prison, and found the fourth suspect innocent of the charge. The first, second, and third suspects will also be deported from the country. The impounded articles were confiscated and destroyed.

## REPUBLIC OF YEMEN

### U.S. Funding of Family Planning Condemned

91AE0577A Sanaa AL-SAHWAH in Arabic  
11 Jul 91 p 6

[Article by Rashidah al-Qili]

[Text] Aid from the Agency for International Development [USAID] to a number of Arab countries in 1992, especially Yemen, must end because it casts more doubt on the nature of this aid and the goals and purposes for which it was allocated.

The first thing that one notices is that the displeasure of the American Government with the policy of some state is the occasion for aid to be withheld from it, and the opposite is also true. Therefore, AID has decided to greatly reduce the level of aid to Yemen as a result of Yemen's non-assisting position in the Gulf war. Accordingly, AID will gradually cancel its aid programs for

agricultural production, joint training, and development of private sector industry, despite what has previously been learned about how disbursement of this aid likewise serves the American economy and builds dependence on it, not to mention the unimaginable amounts for the foreign experts who implement and assist in these programs.

#### **Women's Democracy**

However, American generosity did not want to withhold itself from all areas. So, in which aspects did the AID decide not to deprive Yemen of its goodness, and why these particular fields?

A. Helping Our Country Expand its Women's Democratic Establishments by Supporting Important Non-governmental Organizations, Such as "Women's Groups," Meaning the "Women's Federation."

The first question is "Why this uneven desire for democracy, and would the Americans be just as eager if the upcoming assembly or parliamentary elections resulted in a big win for the Islamists, as was the case in Jordan or Algeria, where false Western democracy warned of its danger, as they say in Arabic, and publically stirred up official organizations against it in a disgraceful way? Perhaps things will be otherwise if the secular current is what advances in the elections, whereupon [America] will bless democracy and extend to it a helping hand.

The second question is: Why is America so interested in the Yemeni Women's Federation as an important non-governmental organization? Is it a reward for the contrived way in which its establishments were formed by appointment following unification, ignoring the cadres of the Yemeni Women's Association in its former northern part? Or was it an American desire to bless everything that would break the bonds of immobility from the Yemeni woman under which she had lived within the framework of her traditions and the teachings of her religion? This is like the developments we see, especially in art, like mixed dancing and singing, which is considered a step on the road to her liberation and progress!

#### **For the First Time**

B. Aid for Family Planning.

This American generosity has been showered upon Yemen for the first time. It is part of the American plan to reduce births in this Islamic nation from east to west, under the euphemism of "family planning."

Even though we do not wish to go into the fact that development problems in our country do not lie in limiting births, as America knows, and that a population increase does not mean a process incompatible with development, nor the cause behind a reduction in resources, if we take into consideration that human beings are a productive element that must be developed, it is our right to ask why the West, and America in

particular, has for long been so interested in encouraging such programs, while it is encouraging Jewish immigration to occupied Palestine and increasing the expansion of Zionist democracy in the region! This on the one hand; on the other, why is it so interested in reducing our births and spending money on that, even though it is cancelling aid programs in agriculture and the development of industry in our country's private sector because of the Yemen's position towards the Gulf war?

It seems that this is a masterful American plan that is being implemented in other Arab countries, such as Egypt and Jordan, in the same manner as before under the pretext of encouraging democracy, political plurality, non-governmental associations, and "family planning" programs.

Congratulations in advance to all agencies benefitting from the blessings of the American dollar!

#### **Official Reports 35 Percent of Workers Unemployed**

*91AE0595A Sanaa AL-SAHWAH in Arabic  
8 Aug 91 p 3*

[Interview with Yahya Tahir al-Hakim, Deputy Labor Minister, conducted by Bilal Muhammad Nasir; place and date not given]

[Excerpts] Unemployment is one of the dangerous economic phenomena that accompany an economic recession or worsen the economic level of the country it affects. Unemployment, as economists know, is the lack of opportunities for the workforce to get jobs because of economic conditions in a given occupation or institution. [passage omitted]

The most recent effect of this kind was reported in the AL-AYAM newspaper issue number 33, relating to World Bank newsletter issue number 14 dated 13 June 1991. It said that unemployment had risen from 12 percent to 20 percent after the Gulf war. The number of unemployed had risen to nearly 800,000.

The deputy minister of labor even stated to AL-SAHWAH that the unemployment rate had risen to 35 percent.

AL-SAHWAH has carefully studied the symptoms of this problem and sought solutions to it in relevant quarters. It met with Brother Yahya Tahir al-Hakim, Deputy Minister of Labor, Workforce Sector, and brought to him some questions about this phenomenon and the ministry's role in solving it. Here is the interview:

#### **Unemployment High**

[Nasir] Widening unemployment has been noticed recently; it has risen so markedly that an international report published in a local newspaper mentioned that the unemployment rate has risen to 20 percent after the Gulf

war. What do you think? How high has unemployment risen in the Republic of Yemen?

[al-Hakim] We have not read this report, though we would like to see it. Unemployment is a problem from which many countries suffer, be they developed, industrial or developing. It usually results from a disturbance in the equilibrium of supply and demand.

In other words, the abundance of human resources in the workforce exceeds the amount or type demanded by employers.

There was unemployment in both Yemens before unity, but at different rates; when the unified state was established, there was a total-workforce unemployment rate of 17 percent, and with the return of about one million Yemenis after the events in the Gulf, the unemployment indicator rose to nearly 35 percent—a very high and abnormal rate.

#### Decline in Projects Is Cause

[Nasir] In your opinion, what are the causes of such widespread unemployment?

[al-Hakim] As we have alluded above to causes leading to the rise in unemployment, and to its widening in Yemen, it was because of a decline in the volume of new projects and a three percent rise in population growth. This will, of course, bring unemployment along with it, perhaps going back to the economic difficulties the country experienced because of the events in the Gulf.

Add to that the fact that some industrial installations and complexes were unable to boost their productive capacity due to a shortage of foreign exchange with which to buy raw materials or other necessities; this prevented the creation of new jobs.

And let us not forget to point out most of the returnees were unskilled workers, who cannot be sent to workplaces requiring a certain level of skill and specialization.

#### Studies and Reports

[Nasir] Has the ministry commissioned studies and reports to investigate unemployment and find practical solutions to it?

[al-Hakim] The question of studies and reports on unemployment requires more specialized personnel and financial allocations to cover the cost of such projects. However, that does not mean that we haven't done anything in that regard with what resources we have. We have taken part, with other relevant agencies, in symposiums dealing with the issues of the expatriates. One of these was the scientific symposium at the Yemeni Center for Studies and Research, which dealt with many subjects, such as Yemeni emigration, the scope of the returning Yemeni labor force, its vocational level, and how to deal with it through determining the large number able to obtain new work. The symposium produced a number of proposals, some of which we hope to implement.

#### Job Opportunities the Solution

[Nasir] What are the solutions you plan on to control and eliminate unemployment?

[al-Hakim] There are a number of programs already approved and other still being prepared and studied. Some are in the area of roads, fisheries, agriculture, technical industries, and small private projects. When the time comes to implement these programs they will certainly need workers according to their quantity and skill requirements. We believe that the projects to be implemented will offer many job opportunities, and thus absorb a large number of the unemployed, and that, in fact, represents the practical and objective solution to the problem of unemployment.

The ministry is at present busily engaged in preparing training programs for our returning brothers, through evening study in the ministry's own institutes and centers. For those living in remote areas, we will train them by way of traveling training units which can come to them; funding for these has been approved.

They are being equipped through the emergency program, which is an extremely important issue, in terms of redeveloping or developing this workforce, to enable it to obtain suitable work.

If we want to limit the spread of unemployment and its seriousness, there must be sufficient job opportunities, of course, because of the need for relying on big projects and investments to fund them; we cannot create job opportunities from scratch.

#### A National Issue

[Nasir] Why has the ministry still not provided job opportunities for the skilled unemployed?

[al-Hakim] The ministry here is not an employer, but a central authority meeting the needs of employers according to what they submit to us in the way of requests to put the local unemployed to work, whether they be registered at its offices or at large in the job market.

So the ministry suffers from a shortage of job opportunities at present, though it provides job opportunities to the unemployed, especially our returning brothers, within the limits of the possibilities at the provincial level in the republic.

We must regard the issue as a national one; the responsibility for treating it is not limited to the role or activity of the Labor Ministry alone. It is the responsibility of us all, and there must be a joining of forces and much cooperation from related agencies, especially the Ministry of Expatriate Affairs, the Ministry of Planning, the Federations of Yemeni Chambers of Commerce and Industry, and other central agencies, to organize efforts to provide the most job opportunities, to spread out and employ the greatest number of returning brothers. We have done a great deal, and are still doing so, at both the

domestic and foreign levels, and our hope is great that we will achieve what we aspire to.

#### **Absorbing the Expatriates**

[Nasir] How has the ministry planned to put to use the capabilities of the returning expatriates and absorb them?

[al-Hakim] There is no problem regarding those who enjoy qualifications and skills acquired in any vocational field. The problem is with those who do not have qualifications: the unskilled who represent the greater part of the returnees. To deal with the situation of this large sector, as we have indicated, we are planning to train them and raise their skill level in line with the social and economic development plans of our country. We are absolutely determined to derive the maximum benefit from these human resources, to make it possible for them to work and earn honorable and legitimate livelihoods.

We beseech God to crown all our efforts with success.  
[passage omitted]

#### **Sanaa Experiences Housing Shortage, High Rents** *91AE0577B Sanaa AL-SAHWAH in Arabic* *11 Jul 91 p 3*

[Article by Muhammad al-Samit]

[Text] We all know perfectly well that the capital, Sanaa, is considered the biggest and most extensive of the Yemeni cities, and since ancient times it has seen the most activity and been the most prosperous, something which makes us flock from all over to live in it, thus it has also become the most crowded city, especially recently.

It has become very difficult for a person to find a home for rent without much hardship and then at a very high rate, in some areas of the city it is twice what it was a short time ago. It is especially troublesome for those of limited income and the poor. This means that the right solution must be found quickly, especially since Sanaa, now that the Yemen is unified, now more than ever receives more people than it can hold. In addition, it must receive more of those returning from foreign countries.

Concern for other Yemeni cities should be as much as that for Sanaa, the mother city, as much as possible, insofar as that would reduce the severity of people moving to the capital and crowding upon it.

#### **Some Causes of the Problem:**

- The cost of building materials going up over and over again, in addition to the overall high cost of living.
- The rising cost of real estate land.
- The fact that many of the well-to-do in what was formerly North Yemen had failed to build more homes than needed for personal use, fearful of the spread of nationalization that existed in what was formerly South Yemen.

- The fact that construction activity in the former South had been afflicted with sweeping paralysis under the existing socialist rule, on the premise that private property would be confiscated.
- Increasing interest in the former North in building ornamentation as a kind of vanity or pride, to the point that the cost of building one home reaches what used to be enough for two homes.
- The return of more than a million expatriates at this critical time.

#### **Some Proposed Solutions**

In order to bring an end to the increasingly grave housing crisis in the country, it has become necessary to quickly look into and plan for building housing units suitable for sale and rent as soon as possible. Since building such housing units would be profitable, in addition to being necessary and important for building a unified Yemen, it is incumbent upon big businessmen, especially those with outstanding abilities, to turn quickly to building housing establishments, which many need as urgently as they need food and drink.

Moreover, consideration should be given to the fact that it will be necessary to eliminate everything that would hinder building activity in our country, such as the high cost of building materials, foremost of which are steel, cement, and wood.

Then consideration should be given to the fact that it will be necessary to begin capital building expansion, which, first of all, would limit the rising cost of real estate land. It will also be necessary to use modern construction methods which would try to save time and effort in building and construction, such as building with molds, for example, with as much regard as possible given to the important aspects of Yemeni construction technique.

It will also be necessary to confront and eliminate the rising rate of unemployment among the ranks of Yemeni workers by expanding the entire field before them in both private and public areas to the same extent, and to limit the activity of foreign companies operating in the country, not to mention the discrimination, if it exists, between Yemeni and foreign workers in quality and cost. It should suffice them to eliminate that by improving the level of control and oversight by appointing those most patriotic, trustworthy, and loyal, and by strengthening the intent and the will to do it through enlightened rules and systems that are guaranteed to regulate the situation in all its aspects: engineering, technical, executive, supervisory, financial, and residential. There should also be systems that would ensure the creation of good relationships and civilized interaction between the worker, the resident, and the landlord, and guarantee that suitable housing would be provided for all those of limited income and the poor, as owners or renters.

There is nothing there that would keep one from taking advantage of foreign skills when very necessary, on the premise that there would be the prior condition that the proportion of Yemeni workers hired would have to be at least half the foreign workers so as to avert unemployment among the national labor force, and it would have the intention of giving Yemeni workers the opportunity to acquire new skills from which they would benefit in the future.

## AFGHANISTAN

**Paper Comments on Afghan Peace Talks**

91AS1430A Peshawar THE FRONTIER POST  
in English 12 Aug 91 pp 10, 11

[Article by Shahid Orakzai]

[Text] The brokers are excited. A mouth-watering bargain is in sight. Punjabis, Persians and the so-called Pukhtoons expect their commissions if the deal gets finalised. The estate called Afghanistan is "on sale." Ransacked by the Russians and plundered by partisans, the property now needs a resourceful developer.

So, the auctioners, are back in business. Mountain mullahs, wobbly beards, confused professors from Kabul University and political parasites misleading their exiled and exhausted nation recently converged on Islamabad for a 'Free Food Festival.' Officially the Meena Bazaar was labelled as 'Tripartite Talks on Afghanistan.' Clever. But the news photos of the Tripartite conference told a different story. Instead of a round or triangular table, the participants were entrenched behind four separate tables and viewpoints. Different distinct from each other. The foreign office seems to have misplaced its dictionary somewhere. The proper word for such an assemblage is 'quadripartite.'

But telling lies is an art that politicians specialise. Bureaucrats can neither perfect nor manage the politics very long. Ironically, there were no Pakistani politicians at the conference. Just imagine! Not a single political mind was available to discuss the future of a troublesome and discomfiting neighbour like Afghanistan. The nation, instead, was represented by three career diplomats and an intelligence official. That speaks for everything. That's the way the intelligent Punjabis have handled, entangled and manipulated the Afghan crisis from the beginning. Now they and their recently discovered Persians friends want to rush with apolitical solution. Buy them one, if you know the shop that sells civil war chemistry and solutions.

Officially, of course, the historic meeting achieved total unanimity of views threepennyworth. The boycotts and walkouts were, however, not mentioned in the declaration. One of the enlightened resistance groups, for example, just couldn't reconcile to attend a conference alongside the Shi'ites, but it never gave a reason for its absence. With such sectarian tolerance, democracy will have a nice time at Kabul. Another party, that holds the premiership in the Exile Government, walked out protesting against Iranian interference and later publicly charge-sheeted Teheran for alleged hegemony and intriguing interest in resolving the Afghan crisis. The outburst partly exposed the cordial atmosphere at the conference and the fractured unity of the Peshawar-based groups. What else is expected of the ill-disciplined Afghan warlords. Still, to keep the ball rolling, a second moot of the gastronomers was quickly scheduled at Tehran. The agenda: lunch, gossip and dinner at the

taxpayer's expense. The likely achievement would be another press release or declaration!

But something is cooking. One wonders what has actually prompted Pakistan and Iran to hurriedly seek a settlement with the Russian proxy in Kabul. The God-forsaken American embassy complex at Kabul is being renovated and re-furnished. The mission's former Afghan employees have been summoned back to jobs. That's the big news. Soon, Afghanistan, could have two American ambassadors. One accredited to Peshawar and the other to Kabul. You could always expect that favour from your American friends and Punjabi strategists.

An average newspaper reader still wonders as to who was the real host of the Afghan talks. Scan the newspaper files and you won't find a mention of Afghanistan in the weeks preceding the conference. In the process, you might be buried in the avalanche of political statements and analyses triggered by a constitutional amendment. No one remembered Afghanistan in the last couple of months. Politicians, instead, were busy liberating Azad Kashmir. Kabul was nobody's business. Name a Punjabi single statesman (if they have any), who is fully conversant with the subject. Ignore the concern, just examine the level of awareness and check the general knowledge. Quiz the ruling elite about Afghanistan a little. Ask about Kabul's state apparatus, working methodology and traditions, the make-up and evolution of the Afghan army and paramilitary organisations, political infiltration in bureaucracy and armed forces and soon you would be able to sketch out the kind of policy such brains can evolve. Prescribing a political solution is one thing and writing it down is another. The Punjabis, Zia-ul-Haq and descendants, have practically left the issue to intelligence officials, diplomats and editorial writers. Thus, the chaos.

In the aftermath of the Gulf war, the covert U.S. focus on Afghanistan is bound to alarm the few surviving patriots who resent imperialism on this planet and this region in particular. The majority may have adapted to the U.S. supremacy and accepted the right of Washington and Moscow to dispute a certain territory or reach a settlement as they please but a few would always be there to challenge the sell-out. The snows of Hindukush and the waters of Indus don't belong to the United States and a foundry manager from Lahore isn't authorised to mortgage national honour and sovereignty with the World Bank or IMF. The foreign office and the political forces of Punjab owe an explanation for the conspiring presence of the officious and meddlesome U.S. envoy at the press briefing following the Afghan talks. No, Your Excellency, despite your arrogance, the matter can't be taken that lightly.

Strange things are happening. The spirited warriors fighting for Islam are suddenly begging for Western multi-party democracy. What an exceptional ideological turnabout. But if they consider democracy so essential for Islam, why don't they prescribe the same for the Arab

kingdoms and Sheikdoms financing their anti-communist crusade. More than a decade into jihad, the lackluster mullahs haven't picked up the alphabets of the Islamic state management. But they have certainly learnt real-estate management and the popular language of property dealers spoken throughout Pakistan. Exile brought them fortunes. Between themselves, they would never find their Imam who binds them to a certain discipline. They are more than happy as freelancers. The barrel of the gun didn't deliver them the promise because they sold the weapons and ammunition in the black market. Now they prefer free elections or any alternative means that can ensure them their portion of the cake in Kabul. That's their chief worry. But dividing the cake between themselves, they deny Russian watchdog its share. Naive. Who can perform such a miracle for them? Even if Bush and Gorbachev join hands, they can't return the Afghan chessboard to the desired position.

The bankrupt traders of jihad. Now their objections to a negotiated settlement have narrowed down to a single individual they can't tolerate on the conference table. But that's just a pretension. At heart, they are willing to accept the imperialist dictates and settlement. If they had any guts and self-respect, they would have objected to the presence of Robert Oakley seated among journalists. But they were later seen seeking appointments with the U.S. official who, gauging by behaviour, can least be termed a diplomat.

Moscow, Washington and their brokers at New York are now preaching the "respect for life and property of all Afghans." No one thought of respecting life and property when the Russians and their Afghan stooges razed the villages and indiscriminately conned the hamlets. When MiG jet fighters and helicopter gunships treating the rugged country as a firing range, would dive to deliver payloads and strafe bleeding caravans escaping occupation.

A nation cannot forget its past that quickly. The wounds still bleed. Treason is unforgivable. Replacing a ruler at Kabul would be an eyewash. What about the anti-people establishment? The criminals in Afghan army, the air-force, the scores of militias and the 'Khad' secret police, all of them the proven instruments of Russian imperialists. Are their lives and properties more precious? That's the question the signatories to the Islamabad declaration, the Mujahideen on the ISI [Inter Services Intelligence] payroll must answer now. Who gave them the right to declare general amnesty for the Russian agents when Scud missiles are still landing at Torkham. A committed soldier would never spare the traitors at Kabul. But power brokers readily shake hands whenever they strike a deal.

#### **Drug Abuse Among Afghan Refugees**

91AS1401A Peshawar *THE FRONTIER POST*  
in English 13 Jul 91 p 2

[Article by Faisal Saeed Qazi: "Forty Percent Refugees Victim of Drug Abuse"]

[Text] Drug abuse among Afghan refugees living in refugee camps is on the rise.

According to a survey conducted by *THE FRONTIER POST* almost 40 percent of the Afghan refugees at refugee camps in the suburbs of Peshawar, have fallen victim to the menace of drugs. The main cause of this increase is stated to be the easy availability of drugs to the addicts in the locality.

Moreover, it has also been noticed that oppressive poverty and uncertainty prevalent among them, have contributed to the problem. Refugee camp at Nasirbagh has reportedly been infiltrated by a large number of drug pushers and their agents. Some of these addicts are also planted by pedlars for selling heroin in the area.

Hashish, popularly known as "charas," is also a common intoxicant used by Afghans. It is important to note that in the pre-Afghan war period, raw opium was extremely popular among Afghan villagers. But after the introduction of charas it became a part of their Hujra culture. Afghanistan became a heroin paradise after the fall of Shah of Iran. Small heroin laboratories and factories were established in the Afghan territory adjacent to Pak border, from where it was smuggled to Far East and Middle East.

Though drug trafficking has brought money to certain sections of the Afghan refugee population but it has also resulted in the spread of drug addiction among common refugees. Though half-hearted attempts are made by fits and start by some non-governmental organisations which have yielded no results so far.

Authorities dealing with the Afghan refugees seem to be indifferent to eradicating the problem whereas the United Nations launched a programme through United Nations Fund for Drug Abuse Control (UNFDAC) which is now being called United Nations International Drug Control Programme (UNDCP).

This programme has also not produced desired results as drug addiction continues to haunt the Afghan refugees. A negligible number of Afghans know about the programme and its performance. The programme has been initiated with the assistance of local Afghan refugees but they face problems like security of the locals staff, as those associated with the programme are constantly threatened by local drug pedlars. Besides, this is an open secret that the drug pushers enjoy security and collaboration, with local authorities which affects the performance of the programme.

## **NEPAL**

#### **Editorial Expresses Regret Over U.S. Apathy**

91AS1418A Kathmandu *THE MOTHERLAND*  
in English 1 Aug 91 p 3

[Text] This space is hardly one for an obituary. But the sad demise of Carol Laise Bunker, former American

Ambassador to Nepal, cannot escape editorialisation because the period 1967-73 perhaps marked productive stage of Nepal-U.S. ties and it is hardly a coincidence that this phase saw Carol Laise as ambassador here [sentence as published]. American policy interest apparently remained high in this country despite the fact that Nepal's foreign policy during this period actively condemned America's critical Vietnam policy, its China policy and its West Asia policy. These foreign policy postures hardly mattered for the betterment of ties to the extent that the United States was a visible investor through supposedly covert funds on projects such as that which one predecessor even termed "a road leading from nowhere to nowhere"—the Dhanagadhi Dadelhura road.

The Bunker period perhaps underlines also a key necessity in Nepal's relations with the United States. Weightage of American interest in Nepal is comparatively low since interaction with neighbouring countries are higher and strategies are devised thus. But the purposive and directional cultivation of the American elite can suite better American interest in Nepal. There is little denying that the Bunker term saw high profile Americans with active interest in Nepal. It is a sad story that Nepal's foreign policy remains blind to the role of lobbies in the formulation on American policy, foreign policy included. While it is easy to reminisce on the success of a foreign policy that saw visible growth in understanding with both Washington and Moscow, Beijing and Delhi simultaneously, there can be no denying that this was also made possible by the deep understanding of Nepali sentiments and priorities by people such as Carol C. Laise Bunker. It is time we build on this understanding again.

### Analysts View Ways To Consolidate Democracy

#### National Reconciliation

91AS1417A Kathmandu *THE RISING NEPAL*  
in English 2 Aug 91 p 4

[Article by Sushil Sharma: "National Reconciliation"; italicized words as published]

[Text] At the time of writing these columns some 24 hours after the government appealed to the agitating civil servants' organisation to "immediately send its legitimate representatives to hold talks with HMG [His Majesty's Government]," there were no official reports of the start of dialogue between the two.

#### Message

Instead, violence broke out in the eastern hill district of Khotang which prompted Home Minister Sher Bahadur Derupa to wonder, in the parliament, what did it mean when "an atmosphere for dialogue was being built?"

This is why, irrespective of the way the month-long agitation launched by a section of the civil servants comes to the end, the message it has left behind will demand a careful study.

The manner with which it was started and carried forward and the time chosen to launch it will have to be looked into with all seriousness even before the dust settles down, given the implications it may have for the country's political future in the long run.

The issue needs to be viewed in a broader perspective; it cannot simply be looked at in isolation for several reasons.

In the first place, the agitation had no justification at all especially from the point of view of its timing.

That the strife should start barely one month after the installation of the first democratically elected government in 32 years was clearly in defiance of the norms of democracy.

Yet, the opposition jumped into the bandwagon to fuel it instead of asking the employees for restraint and patience to the utter amusement of lay observers who were given to believe the opposition, dominated by the left, commitment to multi-party democracy.

Secondly, in view of the resource constraints and other constitutional and technical reasons, the demands made by the agitators had hardly any justification—a view implicitly shared by the employees themselves and the political parties backing them. Hence their insistence on dialogue with government as a "face-saving" alternative for them.

In a democracy, the importance and relevance of dialogue can hardly be questioned as such. But no good precedent can be said to have been set when the people-mandated government is pressurised into sitting for talks with its own employees a la management-labourers dialogue in industrial disputes.

That the standard practice of democracy to let the new government work without any disturbance in what is popularly called the honeymoon days has been totally ignored while preaching such traits of democracy as negotiation to put pressure on the government can hardly escape notice.

Even more important to note is the timing the opposition, whose commitment to multi-party democracy and constitutional monarchy is still suspect, chose to come out openly on the streets "to express solidarity" with the agitating employees.

The "main" opposition and its other smaller colleagues did shed all their initial inhibitions and flexed the muscles when the agitation had nearly fizzled out as a result of a firm and no nonsense posture of the government.

The decision to risk even the charge of unbecoming behaviour for "a responsible opposition" must not have been that easy to make, otherwise there was no need, in the first few days, to hide the support they were providing to the agitators.

The reason that tempted or forced the opposition to take what appeared to be a very hard decision requires careful analysis.

Equally important—and interesting—to note is the coming together of the oppositions of almost all hues—from extreme rightists to extreme leftists—in a common platform with a shared goal of pushing the elected government a tight spot within weeks of its formation.

It must be more than a coincidence that those who fought the recent elections to parliament to "use" it to advance their goal of "new people's democracy" should be joining hands with those who had chosen to "actively" boycott the democratic polls and those who were, and still are, very conveniently branded "regressive."

This alliance against the present government even before the latter had even settled down may seem inexplicable, but if one were to recall, the Prime Minister, then General Secretary of the ruling party, had last year explained such an equation branding all the three elements as different sides of the same coin.

Any attempt to weaken and oust the elected government at this stage and time can only work to the advantage of those who do not want the country's march towards political stability and new direction. The hazards instability brings need no elaboration.

Against this backdrop, the manner with which events are taking place and the way national and democratic institutions are being made the target of unwarranted unprovoked attack may have carried significant political meaning.

And unless issues inherent in the current agitational politics are carefully scrutinized and actions taken accordingly, fresh problems might crop up any time. Such a possibility cannot be ruled out.

At the moment, the stake may be much more than democracy. The nationalist and democratic forces can therefore ill afford to waste time in reading into the present malaise and the hazards it carries for the nascent democracy and nationalism.

Democracy and nationalism are complementary to each other. Our own experiences as well experience of other countries have shown that one without the other cannot last long.

In Nepal's case, the two elements cannot survive without national unity. This is why the national reconciliation policy propounded by the late B.P. Koirala has perhaps never been as relevant and important as it is today.

As the Speaker of the House of Representatives Daman Dhungana also said the other day at a function to mark the memorial of the late leader, the policy is all the more important *in the present context*.

At this crucial phase of the political history of the country, the nationalist and democratic forces would do well to look back and learn from the past experiences to make the national reconciliation policy a complete success.

#### Future

In its success lies the safe future of nationalism and democracy and the prospect of a prosperous Nepal.

### Congress, Communists Must Reach Understanding

91AS1417B Kathmandu THE RISING NEPAL  
in English 3 Aug 91 p 4

[Article by Gyan Rai: "Strengthening Democracy: Need for Political Vision"]

[Text] A few days back, the nation in general and the people in particular celebrated the Memorial Days of Mr. B.P. Koirala and Mr. Puspahal Shrestha, the leaders of the Nepali Congress and the Communist Party of Nepal respectively with various functions and programmes throughout the country.

#### Ideals & Visions

As it is the norm with such celebrations, the two leaders, ideals, sacrifices for their respective causes and the visions that they had for a strong, stable and prosperous Nepal were highlighted and discussed in numerous talk programmes and fora.

Undoubtedly, in the changed national context on the one hand, and in keeping with the new dispensation—that is, the multiparty democratic system—that the people through their sacrifices have ushered in on the other, such celebrations would indeed go a long way in, among others, buttressing the foundations of the nascent democracy which is just two years old.

And though the political ideologies, visions and strategies espoused by the two political leaders for ensuring a Nepal which could hold its head high in the comity of nations are at great variance, that they are still relevant in the country could be discerned by the recent mandate given to the two parties ((the NC [Nepali Congress] and the CPN(UML) [Communist Party of Nepal, United Marxist-Leninist])), that are intimately identified with the two leaders' ideals by the people who expressed their wishes through the ballot boxes.

Of course, there are also, at present, other numerous political parties with their own plans and programmes and which have, by managing to capture the attention of some voters, been able to win some berths in the House of Representatives. This is, in fact, a sure sign that

democracy—that is, of the multiparty variety—is at work despite its sheer newness in the country.

However, judging by the number of slots that the Nepali Congress and the CPN (UML) have managed to secure in the House, it is clear that the majority of the people are enamoured by the ideals, principles and programmes as espoused by the two afore-mentioned parties.

While the Nepali Congress is now at the helm of state affairs due to its winning of the maximum number of seats during the elections for the House of Representatives, the other, the CPN (UML), is the main Opposition party.

It goes without saying that both, the NC and the CPN (UML), would, on the basis of the mandates given to them by the people in general and the voters in particular, exert their best to live up to the ideals, visions and programmes as enunciated by the two notable personalities, Mr. B.P. Koirala and Mr. Puspahal Shrestha.

While both the parties closely associated with the two political leaders can be said to, on the basis of the mandates given to them respectively by the people, be fortunate in the sense that their respective leaders' sacrifices and endeavours have not gone in vain, it cannot be denied that both the parties, however best that they may try to live up to their leaders' ideals, are bound to face many political or otherwise, challenges and problems as they pursue their political objectives in the future.

To outline and argue the latter observation, a quick review is in order herein.

Firstly, both the parties, the NC and the CPN (UML), have come up openly in the national scene after a long lapse of over 32 years. And three decades, when we take into consideration the rapid developments that have had taken place throughout the region and the world, is indeed a long time in the history of a nation, especially for a developing nation like Nepal in the modern age.

And for over 30 years, or for the sake of clarity, the better half of the period, the two political personalities—Mr. B.P. Koirala and Mr. Puspahal Shrestha—were not only severely persecuted during the time of the then dispensation, but their respective political parties were banned and their workers and cadres jailed or banished on one trumped up charge or the other.

The live histories of the two respective leaders are there for all to read and mull over.

The political mayhem and vendetta unleashed on these two notable personalities and their political workers and cadres led to the then dispensation's gain and to the two parties' loss—especially of the Nepali Congress, for it was, on the basis of the mandate given to them by the people in the very first multiparty democratic exercise, at the helm of state affairs of the nation and was instituting the plans and programmes as revealed in its party manifesto.

Apart from this, the close link between the two political leaders and their party workers was effectively curtailed when they were kept behind bars by the powers that sprang up during the time of the now disposed panchayat period.

As it is well known to all, there is always an intricate and close link between the political leader and his party workers. And any disruption in the link between the political leader and his workers would bound to have an adverse effect not only on the latter, but also, to more than the required extent, on the former.

This is because, just like any institution, a political party is, in effect, the extended personality, or the larger alter ego, of a political leader. It is he that usually provides the party with the necessary ideals and vision so that it could be able to chart out its course in the political arena of the nation. Also, it is he who will be guiding and steering the party by virtue of being its leader. And, lastly, it is the leader's responsibility to impart dynamism to the party and self-confidence to the party workers.

But with one stroke, that is, by jailing the political leaders not bending to the then dispensation's will and dictates, the panchayat regime effectively demoralised the numerous party workers and, at the same time deprived the leaders from the very sources from which they gain their authority as well as their spiritual and political sustenance.

And more unfortunate to the two political parties, the NC and the CPN (UML), and their political workers was that when they were in need of their leaders' guidance and vision, they both passed away.

That both the political parties, especially the Nepali Congress, managed to remain intact and weather the political persecutions and storms unleashed on them by the panchayat regime even after so many years is itself a miracle. But more than this, it shows that the political workers and higher echelons, despite the trauma of having to forego their leaders' presence and guidance, are committed to their mentors' ideals, visions and programmes.

As said above, both the Nepali Congress and the CPN (UML), on the basis of their respective mandates from the people in general and the voters in particular, at present are burdened by the onerous tasks of ensuring the realisation of the hopes and expectations, aims and objectives and undoubtedly, the aspirations as enshrined in the new Constitution to which, as members of the Parliament, they have promised to uphold, protect and abide by.

The over 30 years of political wilderness that the two parties had to bear with, no doubt, had brought some problems to the fore for both of them in the form of political, economic and social chaos left behind by the past dispensation.

In addition to this, both the parties, especially the Nepali Congress, since it is now at the helm of state affairs of the nation, are handicapped with having to grope their ways about in each and every step that they take in the new political set up.

In such a scenario, mistakes are bound to be made, especially by the government composed by the Nepali Congress. And in a multiparty democratic polity, it is the bounden duty of the main opposition to bring the attention of the government in the manner and decorum befitting its stature as the main Opposition party in the Parliament as well as by the rules and regulations laid down therein.

### Understanding

Only when there is close understanding between the government of the day and the main Opposition party in Parliament would the people's hopes and expectations materialise. And, needless to say, the realisation of the heightened aspirations of the people would ultimately lead to the buttressing of the foundations of the nascent democracy that had been ushered in through the sacrifices of the martyrs and the people in the recent momentous People's Movement.

### Need for Third Political Party

9IAS1417C Kathmandu *THE RISING NEPAL*  
in English 9 Aug 91 p 8

[Article by Sushil Sharma: "Quest for a Third Force"; italicized words as published]

[Text] The debate on the need for a third political force other than the Nepali Congress [NC] and the Communist Party [of Nepal-CPN] has intensified in recent days. The well-known political personalities to, lately, join the debate are the former Prime Ministers Matrika Prasad Koirala and Kirtinidhi Bista. The two aired their views on the subject in separate interviews to two different weeklies last week.

### Bi-polar

Whether—and how soon or late—such a third force does emerge, after all, is difficult to say at this stage as the national politics seems reconciled, at least for the moment, to a bi-polar politics in the one-year-old multi-party democracy.

Congress and the factions-ridden communists have hogged the political limelight ever since the success of the Popular Movement last year.

The two were rewarded by the electorate in the May general elections for their role in the Movement that led to the dismantling of the more than 30-year-old partyless panchayat dispensation.

While, predictably, the Nepali Congress, which gave the call for the Movement and led it to a success, received a clear mandate in the hustings, the largest of the dozens of

communist groupings, the Nepal Communist Party [CPN] (United Marxist and Leninist [UML]), which lent active support to the Movement, was returned to the new Parliament as the second largest party after the Nepali Congress.

Whether the NCP [as published] (UML), with 68 seats to Congress' 112, can be called "the mainstream" of the Nepali communist "movement" as claimed by its leaders may be open to question.

But the fact of the matter is that the NCP (UML) has been at the centre of opposition politics during the present session of the Parliament. Not only have the 13 other MPs [Members of Parliament] belonging to three different communist groupings tended to rally behind the NCP (UML) in key issues, even the supposedly rightist Rastriya Prajatantra Party [RPP] (Chand) has also, rather curiously, been echoing the NCP (UML) tone in opposing the Congress Government.

The result of the May elections, coming as it did amidst the euphoria over the re-advent of multi-party democracy, had not surprised many.

The emergence of the co-partners of the Popular Movement as the two major parties—one as a ruling party with a simple majority and the other as the main opposition with about one-third of the Parliament's strength to its credit—was widely hailed as a good omen for the nascent democracy.

So much so that not many took him seriously when Prime Minister Girija Prasad Koirala, the then-General Secretary of the Nepali Congress, said, after the poll outcome, that a third strong force would have been advisable for the smooth functioning of the impending Congress Government and infant democracy.

But, the proponents of the Third Force are trying, albeit gradually, to make their voice heard. And, with the euphoria over the success of the Popular Movement dying down, such voices are no longer taken as lightly as before.

With the Congress Government having only a thin majority to rely on and the main opposition, the NCP (UML), strong enough to put a check on the government, the principle of checks-and-balances could have, under normal circumstances, been applied with a great degree of success for consolidating democracy.

The developments of the past few weeks both inside and outside the Parliament and the role of the NCP (UML) in these developments, especially the agitation by a section of the civil servants, have however put a big question mark on its ability—or willingness—to act as a responsible opposition party in keeping with the universally accepted norms of parliamentary democracy.

Curiously enough, given the posture of the NCP (UML), on civil servants' agitation in gross violation of such norms, it is not the government but the Opposition that seems to be inviting a check on it.

It is also amazing to see an opposition, that claims to thrive on the peasants' and labourers' cause, fuelling the cause of the *relatively* better-placed class of the society—the civil servants—even as the ruling party wrested initiative in raising such crucial issues as the problem of squatters and the hike in fertilizer price.

On top of it, the main opposition recently joined hands with such forces that do not believe in parliamentary democracy and are out to undermine it from within and without in an obvious bid to put the first elected government in 33 years in an impossible situation even before the latter had completed its 100 "honeymoon" days. This has in no way boosted the image the former is trying to build as a democratic alternative force to don the mantle in the event of the Congress quitting the government.

Such a situation clearly reinforced the need for a third political force.

Emergence of such a force should help the communist groupings overcome the dilemma they are facing. They will be forced to either demonstrate *full* and *sincere* commitment to multi-party parliamentary democracy or to embrace the original totalitarian concept. They will be left with no choice but to abandon the present dual posture.

While the need for and the relevance of a third political force may have been growingly felt of late, the proponents of the idea do not, as of now, seem to be clear about their concept.

Besides, the advocates of third force come from three different sections of politicians with the result that what it will be like and what exactly its role will be in what is being perceived as a tri-polar politics in place of the present bi-polar one is difficult to speculate at this juncture.

One section of the politicians seeking to form the Third Force belongs to the old panchayat guards who did not deem it fit to join any of the Rastriya Prajatantra Parties.

Former Prime Ministers Koirala and Bista are the prominent figures representing this section. Both do not see any potential in either of the RPPs to emerge as a

democratic alternative nor do they consider the communist party as viable alternative to the Nepali Congress, because, to quote Bista, "communism is not the wave of the future as far as Nepal is concerned."

Therefore, both talked about a *third* democratic alternative. But they too seem to be confused about it, otherwise they should not have been talking about a *third*, instead of a second, alternative, because communists' democratic credentials continue to be challenged.

The two do not seem to be sure about what they have in mind—a *third political force* or a *third democratic alternative*? Maybe the difference between the two was not fully examined.

Another section in favour of the Third Force comprises the leftists who previously belonged to the Marxist or Marxist-Leninist factions of the now-unified NCP (UML) but who found it difficult to accommodate themselves in the new scheme of things.

Presently organised in one Democratic Forum, these leftists, who prefer to be called Social Democrats, also do not see the NCP (UML) as the democratic alternative to the Congress because of its "orthodox" ideologies.

The third section is represented by ex-Congressmen and the Independents who feel closer to the ideals of the Congress but feel constrained in coming under its umbrella for different reasons.

How far, or near, are the three with each other in their "vision" of a Third Force is not clear yet. Whether they will come under one roof or create their own versions of such a force is also difficult to predict.

Until and unless a clear picture does emerge on this score, it would be hazardous to speculate about the emergence of the Third Force although, as the Prime Minister said immediately after the poll results two months ago, it should augur well for the functioning of a democratically elected government as well as democracy.

### Tri-polar

Having discarded the partyless polity and seen the failure of the one-party system all over the world, the time may perhaps have come for a tri-polar politics to make most of the democracy restored after over three decades.

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