

241100

JPRS 83767

27 June 1983

# West Europe Report

No. 2165

19971229 208

**DISTRIBUTION STATEMENT A**

Approved for public release;  
Distribution Unlimited

DTIC QUALITY INSPECTED 6

**FBIS**

**FOREIGN BROADCAST INFORMATION SERVICE**

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

6  
115  
A-51

#### NOTE

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

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

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

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

#### PROCUREMENT OF PUBLICATIONS

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

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

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

JPRS 83767

27 June 1983

# West Europe Report

No. 2165

DTIC QUALITY INSPECTED 6

**FBIS**

FOREIGN BROADCAST INFORMATION SERVICE

27 June 1983

## WEST EUROPE REPORT

No. 2165

## CONTENTS

## THEATER FORCES

## FEDERAL REPUBLIC OF GERMANY

SPD's Voigt on Arms Negotiations, INF (Karsten Voigt Interview; RINASCITA, 20 May 83) .....	1
Sommerhoff on Air Force Defensive Needs (Paul. Th. Sommerhoff; WEHRTECHNIK, May 83) .....	5
Altenburg on Strengthening Conventional Forces (Alexander Szandar; SUEDEDEUTSCHE ZEITUNG, 13 May 83) .....	8

## TERRORISM

## SPAIN

Examination of ETA-Latin America Connections (YA, 12 May 83) .....	11
---	----

## ENERGY ECONOMICS

## AUSTRIA

Oil, Natural Gas Drilling, Production (Roland Prinz; FRANKFURTER RUNDSCHAU, 14 May 83) .....	12
---	----

## FRANCE

GDF's Storage, Transport of Liquefied Natural Gas (Georges Donat; DEFENSE, Mar 83) .....	14
Oil Firms Try To Diversify Energy Sources (L'USINE NOUVELLE, 21 Apr 83) .....	18
Briefs	
Elf Finds Oil in Niger	21
Elf Oil in Gabon	21

ITALY

Study on Cost, Supply, Transport of Imported Coal  
(RASSEGNA PETROLIFERA, 11 Apr 83) ..... 22

SWEDEN

USSR Offers Sweden Natural Gas Through Finland  
(HUFVUDSTADSBLADET, 6 May 83) ..... 34

ECONOMIC

EUROPEAN AFFAIRS

Cresson Seen To Be More Forceful Than Jobert  
(HANDELSBLATT), 18 May 83) ..... 36

EEC's Davignon on Prospects for European Solidarity  
(Etienne Davignon Interview; LES ECHOS, 20 May 83) ..... 39

AUSTRIA

Foreign Trade With CEMA, PRC, Albania Detailed  
(DDR AUSSENWIRTSCHAFT, 18 May 83) ..... 44

FRANCE

Stoleru Suggests Industrial Policy Based on Companies  
(Lionel Stoleru; LE MONDE, 26, 27 Apr 83) ..... 61

Role of Inflexibility, Lack of New Firms in Industrial Decline  
(Jacques Barraux; L'USINE NOUVELLE, 5 May 83) ..... 68

Priouret Sees Need To Reduce Pessimism in Business Sector  
(Editorial, Roger Priouret; L'USINE NOUVELLE, 5 May 83) ..... 72

CGT Employs 'New Management Criteria' in Industrial Policy  
(Christine Mital; L'EXPANSION, 18 Feb - 3 Mar 83) ..... 74

Rhone-Poulenc Loses FR 844 Million in 1982  
(LES ECHOS, 19 Apr 83) ..... 80

Briefs  
Egyptian Bank Branch in Paris ..... 81

ITALY

Poll Shows Job Security as Major Concern of Labor Force  
(Stefano Caratelli; MONDO ECONOMICO, 6 Apr 83) ..... 82

CSIL's Carniti Introduces Concept of Neocontractualism  
(Pierre Carniti; MONDO ECONOMICO, 9 Mar 83) ..... 90

SPAIN

Exports Given Priority in Madrid Planning  
 (Rafael Rubio; DIARIO 16, 23 May 83) ..... 96

Continuation of Intense EEC Entry Talks Pledged  
 (Alberto Miguez; ABC, 24 May 83) ..... 98

TURKEY

Dogan on Credit Availability, SEE's  
 (Yalcin Dogan; CUMHURIYET, 24 May 83) ..... 100

Sale of Durable Goods Registers Increase  
 (CUMHURIYET, 24 May 83) ..... 102

POLITICAL

BELGIUM

Hatry on Political, Economic Trends in Brussels  
 (Paul Hatry Interview; L'EVENEMENT, May 83) ..... 104

FINLAND

Attempts in Finland To Change Paasikivi-Kekkonen Foreign Policy Hit  
 (Anatoliy Antonov; Moscow Radio, 20 May 83) ..... 110

FRANCE

Joxe, Lajoinie on PSF-PCF-Government Interaction  
 (Pierre Joxe; LE MONDE, 22/23 May 83) ..... 112

Krasucki on CGT Renewal, Expansion, Plans  
 (Henri Krasucki Interview; L'HUMANITE, 6 May 83) ..... 120

ITALY

PCI's Vecchietti's Views on PRC Foreign Policy  
 (Tullio Vecchietti; RINASCITA, 20 May 83) ..... 127

PORTUGAL

Review of Flores Island Agreement With France  
 (DIARIO DE NOTICIAS, 21 May 83) ..... 134

'Movement of 199' Establishes MAD  
 (DIARIO DE NOTICIAS, 18, 22 May 83) ..... 136

Pintasilgo: No New Party  
 Political Parties' Reaction

New Left Approves PS/PSD Government With Reservations  
 (O JORNAL, 27 May 83) ..... 138

SPAIN

Interview With CIU Spokesman Miguel Roca (Miguel Roca Junyent; YA, 24 May 83) .....	139
Armed Forces Day Sparks Separatist Feeling, Unity Call (EL ALCAZAR, 22 May 83) .....	143
New Chapter in Nationalist-Central Government Relations (Salustiano del Campo; YA, 3 Jun 83) .....	145
De Robles on Political 'Dyslexia' of Right (Santiago Arauz de Robles; YA, 2 Jun 83) .....	147

SWEDEN

Palme Seen Riding Tide of Success After 'Good Start' (Ola Gummesson; SVENSKA DAGBLADET, 9 May 83) .....	150
Liberal Newspaper Urges Opposition To Take More Active Role (Editorial; DAGENS NYHETER, 18 May 83) .....	152

MILITARY

EUROPEAN AFFAIRS

Dassault Imposes Conditions for European ACX Construction (LES ECHOS, 30 May 83) .....	154
Briefs French-German Helicopter Uncertain .....	156

FRANCE

Units, Personnel, Equipment at Saint-Mandrier Air Base (COLS BLEUS, 21 May 83) .....	157
Matra Chief: Military Program Protects Industry (LES ECHOS, 30 May 83) .....	160
Use of Carbon Fibers, Composites for Weapons (ARMEE ET DEFENSE, Mar-Apr 83) .....	162
Fewer Recruits, Modernization for Navy in 1983-1988 Military Plan (COLS BLEUS, 30 Apr 83) .....	166
Largest Beacon in World To Be Built in Ouessant in 1985 (Baggio; COLS BLEUS, 14 May 83) .....	168
Land Regained From Sea at Cherbourg for Sub Construction (R. Morand; COLS BLEUS, 14 May 83) .....	172

Ship Movements in Pacific, Indian Ocean, Mediterranean  
(LA NOUVELLE REVUE MARITIME, May 83) ..... 173

Briefs

Air Force Orders 30 Mirage 2000 174  
Last Batral at Brest 174  
New Torpedo Planned 174  
Exercises in Caribbean, Baltic 175  
Training on Colbert, Foch 175  
Ducuing Assigned to Mediterranean

SWEDEN

Debate Over Soviet Motives Behind Sub Incursions Continues  
(SVENSKA DAGBLADET, 19,22,26, 27, 28 May 83) ..... 176

Admiral Cites Limited Antisub Resources, by Gunnar Grandin  
Experts' Theories Examined  
by Kristian Gerner  
Soviet Technical Journal Described Minisub  
by Sune Olofson  
Soviet Ship Denied Calling Permission  
New Taxes To Fund Antisub Measures  
by Claes-Goran Kjellander

OCEAN ISSUES

FEDERAL REPUBLIC OF GERMANY

LOS Treaty Seen Damaging to FRG Interests  
(Rainier Mennel; MARINE-RUNDSCHAU, May 8 83)..... 187

## SPD'S VOIGT ON ARMS NEGOTIATIONS, INF

Rome RINASCITA in Italian 20 May 83 pp 8-10

[Interview with Karsten Voigt by Angelo Bolaffi: "Agreement Possible on Missiles"]

[Text] Andropov's latest proposals. "Substantial progress because the USSR agrees to negotiate not only on missiles but also on warheads." The nuclear disarmament conference in Berlin. Overcoming the "dual decision" (cruise and Pershing immediately if there is no agreement with Moscow) on the basis of a new discussion within the NATO context concerning the results that might be achieved in the Geneva negotiations. Commitment to coherence and rejection of any demagogic position. Negotiations on the Euromissiles were resumed between the Soviet Union and the United States in Geneva on 17 May in a climate marked by Andropov's recent proposals on the computation of medium-range nuclear weapons present on European territory in terms of warheads (rather than delivery vehicles as such). Several days before that, a conference was held in West Berlin on the problems of peace in the course of which the prospectives of denuclearization, disarmament, and security on the European continent were examined. During the conference, Karsten Voigt, chairman of the parliamentary committee of the German Social Democratic Party in charge of armament questions gave this newspaper the following interview.

[Question] During the debate in the course of the Second International Conference on the Denuclearization of Europe, which was held in West Berlin last week (between 9 and 14 May), there was much talk about a so-called Bahr proposal on the development of the theses expressed in the Palme report. What does this involve?

[Answer] The work of the Palme commission is based on the policy proposals regarding the endeavor to achieve common security and cooperation aimed at all possible "enemies" both to the East and to the West of Europe. On that basis, the commission agreed on the proposals for a European denuclearized zone between the two military blocs which would have to extend for 150 kilometers, in the very heart of Europe. Going further--and in particular,

"deviating" from this proposal--Bahr advocated the idea of the total and complete removal of nuclear arms from the territory of all those countries that do not directly have this nuclear armament available to them. Specifically, this would mean that, as far as Europe is concerned, nuclear arms would be based only in three countries, that is to say, the USSR, France, and Great Britain.

[Question] In your opinion, how are the disarmament negotiations and especially the conference on Euromissiles, which is to be resumed in Geneva on 17 May, going?

[Answer] Personally, I have not yet lost the hope that, albeit only at the very last moment, some agreement might be arrived at on the Euromissiles; I even think that this would still be objectively possible if the two superpowers are inclined to make reciprocal concessions and above all to engage in specific and fast negotiations. But it is precisely on that political determination that doubts arise; the West German government itself is not pushing that pressure in support of the compromise toward which Chancellor Schmidt had oriented his entire effort. Because of all of this, I am very pessimistic and skeptical that some agreement might be arrived at; this is something which is in itself already very serious but becomes extremely serious if you consider it from the aspect of the erosion and wear and tear of the very instrument for negotiations within the context of East-West relations, that is to say, that fundamental instrument which had been the basis for the policy of detente during the last decade and thanks to which we did arrive at some form of dialogue and control of the arms race, even though it is only partial and defective.

[Question] Your attitude, that is to say, your attitude and Bahr's, in recent days also clearly brought out the fact that the SPD [Social Democratic Party of Germany] is changing its position regarding the judgment of the NATO "dual decision." In autumn you will hold a special congress to decide what attitude to assume toward the imminent start of the installation of the Pershing-2 missiles. Does this mean that you are now in conflict with your policy of past years?

[Answer] I would not say so; in 1979, when we supported the "dual decision," we wanted that choice to emphasize the priority given to arms control. This is the basis of our position and this specifically means that the dual decision was understood as an instrument for exerting pressure on the USSR and obtaining substantial concessions. On the other hand, the political essence of the proposal was that it did not provide any logic for automatic installation which, as a matter of fact, would have deprived the Europeans of any instrument with which to exert influence on American decisions. Today, the conservatives, but not they alone, advocate the following position: Negotiations, yes--but if no positive results are arrived at, the decision to install the missiles will inevitably be given the go-ahead. This is not our conviction since we have the idea that it is necessary once again discuss the how and when of the installation of the missiles in the light of the negotiation results, thus still leaving some elbow room for further estimates and for

working out an entire possible scale of proposals. In other words, we must once again evaluate the state of affairs before deciding on final installation, coming up with a final evaluation of the outcome of the negotiations. This specifically means, for example, that--although we might note that the negotiations began with a delay of 2 years when compared to the planning at that time (in other words, when the dual decision was made)--it is consequently necessary to shift the deadline for starting the work on the installation of the missile launch pads.

[Question] In the debate not only with the position of many supporters of the peace movement but also with those of some social democratic representatives, you maintained that the SPD cannot and must not engage in "pure agitation and propaganda" to exploit the easy position of someone who is in the opposition, in other words, assuming attitudes and advocating theses which it could not do if it were in power. What does that mean?

[Answer] What I am fighting against is what I would call a kind of "opposition opportunism" while I advocate the idea that we must pursue a logic according to which, if we were to be back in power tomorrow, we could without any big trauma keep faith with what we advocated while we were in the opposition. This means that, while we are highly critical of Reagan's policy particularly regarding his attitude toward the USSR, and while we are against any attempt to launch an economic war or to boycott the continuation of detente, this entire discussion must be developed within the Atlantic Alliance and not as an excuse for proposing a unilateral way out. On the other hand, our current critical attitude toward the United States administration must not make us forget or downgrade the fact that we do have objectively big problems in relations with the Soviet Union which underestimated European interests and outright struck out at them with its policy of developing medium-range missile weapons.

[Question] Do you think that NATO is changing its characteristics to assume responsibility also outside its traditional geographic sphere of interest?

[Answer] Looking at the facts, we must come to terms with political-military theses which are widespread among political experts and in military circles, above all American ones, who are looking toward a revision of the military philosophy of the Western Alliance. I believe that it may be useful and perhaps even necessary to redefine a complex strategic-military and political doctrine in dealing with the countries of the East but what we oppose is the attempt to transform this repeat discussion into an occasion to revise an offensive attitude on the part of NATO (which was based on an essentially defensive strategy) or, worse than that, to spread complete skepticism as to the usefulness of the instrument of political negotiations. Anybody who pushes for an offensive NATO military strategy must realize that this would aggravate the political contradictions in the Alliance, would threaten its unity which is the basis on which we can today achieve results.

[Question] During this conference likewise, it seems to me, a disagreement emerged between the northern and southern parts of Europe. A different sensitivity, a different problem statement, and a different response. I am thinking here, for example, of the theses of the French Left or those which

assign primacy to the defense of civil rights with respect to the logic of detente. What is your estimate of this, which frankly is an unresolved problem within the European Left?

[Answer] Differences are present also within the German peace movement and in the Scandinavian peace movement or one might say that there are differences of opinion between the peace movement and SPD which constantly underscores the importance of a realistic peace policy. But there is no doubt that, in some Latin countries, there are positions behind which we probably find historical experiences or levels of discussion which are not found in northern Europe. I do not believe that this is the expression of a lesser desire for peace on the part of the countries of southern Europe as compared to those of central and northern Europe. These are differences of opinion regarding the ways in which one can contribute to a peace policy. This therefore is an evidently political issue, also tied to various geographic locations; for example, it is evident that, in the FRG, that is to say, along the border between the two military systems, the risks to peace, represented by the arms race, are perceived much more strongly, whereas in some countries of southern Europe the risks represented by the danger of a condition of political blackmail opportunities on the part of Soviet Union are perceived as being more serious. But these are not insuperable disagreements within the context of a strategy aimed at defining a common proposal. For this purpose it is rather useful and even necessary to develop a discussion among the parties of the European Left and between them and the peace movement.

[Question] What is the SPD's position regarding Andropov's recent proposal?

[Answer] This involves substantial progress since the USSR today says that it is inclined toward negotiations not only on the number of missiles but also on the number of warheads. This is of particular importance if we keep in mind that the power of the SS-20 missiles consist precisely in the fact that they have three atomic warheads in a single missile. But it must be added right away that certain aspects of the Andropov proposal are not clear. For example, it has not been specified whether the missiles that might possibly be withdrawn from Europe will be destroyed or whether they will instead be based further inside the territory of the USSR (for example, beyond the Urals) and whether those missiles will still be in a position to hit Europe or whether they will be shifted to Asian areas, thus becoming a direct threat to China. In our opinion, it would thus be necessary and useful to have a further clarifying position statement for this purpose from the Soviet Union.

5058

CSO: 3528/145

## SOMMERHOFF ON AIR FORCE DEFENSIVE NEEDS

Bonn WEHRTECHNIK in German May 83 p 94

[Report on statements made by Lieutenant General Paul. Th. Sommerhoff, deputy chief of staff of the German Air Force: "The Air Force Is Meeting the Threat"]

[Text] The deputy chief of staff of the German Air Force, Lieutenant General Paul Th. Sommerhoff, read the introductory paper at the 17th Symposium "Defense Sector/Aerospace Industry" held at the beginning of February. His topic was "Possible Changes in the Threat and Consequent Demands on Military Aeronautics." In this connection, he emphasized how NATO and the Air Force intend to prepare themselves for any altered threat.

Lieutenant General Sommerhoff pointed out that not only should our understanding of this threat include the enemy's military capability based on considerations of quality and quantity, but what is more, factors such as strategy and technical developments must be taken into account as well. NATO also has changed its strategies, he said, yet even now with the strategy of flexible reaction it still has in use weapon systems which had been designed entirely with the strategy of massive retaliation in mind. The distinguishing features of any potential war are speeded-up combat operations, which call for quick-reaction systems on our side. General Sommerhoff: "Here the slight technological advantage enjoyed by the NATO air forces does not constitute any 'soft cushion.' Our information shows that in the East conversions to operationally ready equipment are being carried on resolutely and rapidly. This means that our field forces will have to fight largely with the next to last generation of weapon systems. But the East's systems for the most part can hold their own with this generation of weapons."

He said that the expansion of the Soviet air and naval forces proves that it does not intend to be limited to a war on land. Thus, NATO must assume a complete spectrum of modern air forces from the enemy. The enemy prefers those forces which produce an added gain of offensive power. Combat against our air forces and supporting ground forces has priority, with the air defense not being neglected, even the defense over the battlefield. For example, the attack helicopter component has reached the order of magnitude of the entire German Air Force. He said also that the operational focus of the enemy's air forces is shifting increasingly deeper into our own territory: The Channel, the Straits of Dover, can be reached by the enemy in low-altitude flight! In summary, Lieutenant General Sommerhoff then stated:

"The Warsaw Pact states will keep to their strategic objectives. These objectives can be realized only by offensive means. The military capability needed for this will be provided and kept up-to-date for the foreseeable future as well. The expansion of the enemy's air forces is being pushed forward forcefully. An increase in combat effectiveness in the sector of tactical air forces is expected through the introduction of new heavy fighter bombers. To these will be added light aircraft for close air support and attack helicopters of the next generation. At the same time, by the year 2000 the air defense of the Warsaw Pact will have introduced new fighter aircraft, very maneuverable air defense rocket systems, and above all new radar equipment and command and control facilities. An improvement can be expected both in capabilities for electronic warfare and also in the resistance of Warsaw Pact weapon systems to NATO's electronic warfare. Through improved avionics, the enemy's all-weather operational capability is being raised.

"Both air-strike forces and air-defense forces will have at their disposal long-range guided missile systems and new types of airdropped ammunition (for example, terminally guided bombs) or even laser weapons. The Warsaw Pact attaches particular importance to research and development in the armament sector. Thus we will have to assume that in the next decade as well the Warsaw Pact will substantially increase the penetration depth and all-weather combat effectiveness of its systems, in order to have at its disposal more firepower and maneuverability.

"Military thinking in the West has gotten stirred up. The strategy debate testifies to this. Example: The Air-Land Battle 2000. Somewhat belatedly it has been realized that deterrence also means: To be able to fight. Flexible reaction/flexible response requires flexibility also in the tactical sector. General Beaufre once wrote: Strategic objectives must be able to be realized through tactical measures. For us, this means:

"That we must be able to proceed against an attacker at any time. Night and bad weather must not hinder us. Combat effectiveness at all times is the requirement for new equipment and weapon systems.

"Our firepower must increase further. To that end, our so-called wide-range effectiveness must be enhanced by modern weapons. This requirement includes: A greater kill probability against individual targets, and multiple-target engagements.

"The penetrating power and penetration depth of the weapons and carriers must be increased. Just for the sake of completeness, I will mention also the necessity for electronic countermeasures and counter-countermeasures.

"In order to bring to bear great firepower at the right time on the intended position, we need to introduce flexible systems. For reasons of cost, we will be able to afford the special-purpose system only in particular cases.

"The right information at the right time in connection with the decisive activity increases the effectiveness and efficiency of the forces. Therefore reconnaissance must be decisively improved. Sensors, weapons, and command and control must be united into one system.

"Standing above everything else is the requirement for mobility, flexibility, maneuverability. Our manpower and material resources, and thus our military forces, must again be optimized for combat. Deterrence in the conventional sector of the triad can be achieved in the foreseeable future only by the capability for waging battle and being able to win it. And we must make this clear to the potential enemy through our exertions.

#### Plans of the Air Force

"Just a few notes on the plans of the Air Force:

"The immediate emphases of our military requirements are clear:

"Our air defense is being decisively improved. The necessary measures have been taken and are familiar to you.

"A modern reconnaissance system will improve command and control as well as fighting ability. We are in the process of formulating the tactical requirement.

"A modern command and control system will have to effectively employ the individual components. NATO has made the initial steps.

"More effective weapons, especially proximity weapons, will improve the effectiveness of our forces."

12114

CSO: 3620/369

## ALTENBURG ON STRENGTHENING CONVENTIONAL FORCES

Munich SUEDEDEUTSCHE ZEITUNG in German 13 May 83 p 9

[Article by Alexander Szandar: "Little Inclination to Nuclear Weapons"]

[Text] Bonn, May--The situation lectures of German officers are usually dry, long-winded and boring. The obligatory graphics projected on the wall with an overhead projector seldom help to reduce the hazard of fatigue. The 74 commanders who had come to the Eichholz Academy at the invitation of the CDU-[Christian Democratic Union] sympathetic Conrad Adenauer Foundation obviously had inwardly composed themselves for such a scene in the 2-hour encounter with General Wolfgang Altenburg.

#### Clarity Without Slides

Most of them had never experienced the verbal cadence, enthusiasm for discussion, and lecturing skill of the new inspector general. They all were surprised and inspired to long applause on seeing that the highest-ranking soldier could elucidate numbers, data and facts, that he could present these with zest, spiced with earthy remarks, humor and self-irony and that a discussion with high superiors could be exciting. "If you're going to write something, you might write that we are enthusiastic," asked a first lieutenant of the only civilian present at the meeting.

"Let's put our cards on the table," Altenburg began his lecture, launching into a vividly detailed discription of the financial and personnel problems of the next 10 years. He recognized that these problems will affect primarily his successor, but insisted that he must be allowed to reflect, for "when you think, you come up with the craziest things." The general stated: "The matter of the budget is getting bad." He characterized Finance Minister Stoltenberg's words as "unpleasant but, more importantly, true." Thus, he feels compelled to guard against "wrapping myself in illusions." By this, he meant the entire armed forces, which are finding it difficult to comprehend the austerity course that Hans Apel was forced to take after the fat years of arms procurement during the terms of his Social Democratic predecessors Helmut Schmidt and Georg Leber, an austerirty course that Manfred Worner (CDU) will continue rigorously, in spite of his earlier attacks on inadequate defense spending.

"We're buying tanks today for children who haven't been born yet," noted Altenburg ironically when it was stated that because of the pill the FRG and the GDR are the only countries that, beginning in 1985, will have problems in meeting the personnel requirements of their armed forces. Compulsory military service, he said, can hardly be extended by more than 2 months because of competition with the economy. He suggested that service exemptions could be reduced and the percentage of volunteer reenlistments could be hiked radically (at great expense). The conferees agreed that much money would have to be invested in personnel if an army of the present size (495,000) is deemed desirable. An acceptable outcome of the Vienna talks on troop reduction in Europe (MBFR) [Mutual and balanced force reductions], the participants agreed, could offer the possibility of a solution.

#### An Army With Many Reservists

The officers listened in amazement as Altenburg, prompted by his shortage of money and personnel, outlined a new defense concept. He presented this idea not as a ready-made recipe as is usual in the Germany army, but as food for thought concerning the problem: "Where can I save on personnel?"

"Further restructuring will not help to reduce military manpower needs, said the general. However, personnel can be replaced by firepower: for instance, by artillery rocket launchers with great enough range to seal off wide stretches of terrain with mines and explosive devices. Tank units, he said, are being employed "atypically" today. "They are sitting out there in the woods because we don't have anything else," claimed Altenburg. They are being misused for a possible holding action, he explained, instead of standing by as a strategic reserve. The general wondered whether it would not be more sensible "to furnish the local population with anti-tank rockets?" "With knowledge of the terrain in their favor," he asserted, "they'll hold it for me for a strategic counter attack with tank divisions." He wishes to avoid the term, but added: "That would be a militia with a large percentage of reservists, to be sure."

#### Other Assignments for the Army

Naturally, the objection was voiced that Altenburg's ideas were similar to those of "alternative" thinkers like Horst Afheldt and Jochen Loser, ideas that had until then always been rejected by the Germany Army high command. "So what?" retorted Altenburg, insisting that one should be able to follow up on problem-solving initiatives. One should consider assigning the army the task of "sealing off the battle zone," that is, of cutting off the first-wave units of any Warsaw Pact attack from the second wave of "strategic forces," which would roll in out of the Soviet Union with around 30 divisions.

To compensate for conventional weakness by deploying nuclear weapons is an unbearable thought for Altenburg. "The Russians won't be impressed if we tell them that we'll kill ourselves if they don't stop." He therefore pleads for strengthening conventional defenses. The general harvested applause with a side swipe at American assertions that, after all, the Germans would have to spend only 28 dollars more a year per capita--less than they spend on chewing gum, ice cream or TV subscription fees. "That kind of reasoning won't get a budget through here," contended the inspector general.

## Substitutes for Nuclear Warheads

For the army, Altenburg is thinking of long-range missiles with conventional warheads. For this, he continued, there are only two obvious possibilities that have been on the market very long: the Lance missile, stepped up from its 100-kilometer to a 300-kilometer range and equipped with conventional instead of nuclear warheads; and a version of the Pershing 11 missile which would remain under a 1,000-kilometer range and, instead of the nuclear warhead, would carry a load of conventional bombs and mines for use against such targets as airports. He admits, however, that there would then be another ticklish problem to be solved: How is Soviet intelligence to distinguish between a nuclear Pershing II that could fly as far as Moscow and a conventional version that, judging from his experience of a few weeks in his new position, one must beware of the weapons lobbyists: "They come around like vacuum cleaner salesmen." The Lance and Pershing producers have already been there too.

9992

CSO: 3620/358

## EXAMINATION OF ETA-LATIN AMERICA CONNECTIONS

Madrid YA in Spanish 12 May 83 p 11

[Text] Manuel Ballesteros, advisor to the State Security Director and former chief of the Single Command of Counterterrorism Struggle (MULC) returned from Mexico to Madrid yesterday after conducting several inquiries about the ETA [Basque Fatherland and Liberty Group] in two Latin American countries, according to a EUROPA PRESS report.

Manuel Ballesteros went to Venezuela last week and in the past few days he had secret contacts in Caracas and Mexico, to learn about infrastructure that the terrorist organization ETA maintains in these two countries. He was accompanied by the former chief of the Central Information Brigade, Joaquin Domingo Martorell and a former member of that brigade, Andres Gomez Margarida.

Margarida was one of the first persons to negotiate secretly with ETA some years ago in order to attempt a "ceasefire". In addition, when he was the chief of the La Coruna Police, his statements to the effect that he had many friends in the ETA was notorious.

It was explained to EUROPA PRESS that the purpose of the trip was to prepare some reports about the presence of ETA members in Venezuela and Mexico, where there are many members or sympathizers of the terrorist organization. It is said that part of the money that ETA collects as "revolutionary tax" or through hold-ups is sent to these countries to finance some firms where its members work. These persons usually live in Mexico and Venezuela, and have a publication issued at irregular intervals, called "Organo de Apoyo a Presos y Represaliados Vascos" in which they print outdated reports from the newspaper EGIN, as well as various comments about the armed struggle.

One specific case is that of the former vice president of the parliament of Navarra and member of the Herri Batasuna, Jose Antonio Urbiola, who works for an insurance company in Puerto de Ordax, near Caracas. It will be remembered that a few months ago he decided to abandon politics and went to Venezuela.

During last week the three Spanish police officers held secret talks with security agents of Venezuela and Mexico and with "various contacts" that they--especially Martorell and Margarida--have in these two countries, and who have enabled them to learn the movements of ETA members in Mexico and Venezuela.

11635

CSO: 3548/413

## OIL, NATURAL GAS DRILLING, PRODUCTION

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 14 May 83 p 13

[Article by Roland Prinz: "Deeper Than Nanga Parbat Is High: Austria's Oil Driller Have Reached 8,125 Meters"]

[Text] As some people will note with surprise, Austria also is one of the oil-producing countries, although it is no match for the "big ones" such as those on the Persian Gulf and must occasionally go to great depths to obtain the "black gold." When the men in oil and gas prospecting speak of the "third story," they mean depths of 6,000 meters and more. In the case of the Zisterdorf Superdeep Number II natural gas well, engineers of the Austrian Government Oil Administration (OeMV) have achieved at 8,125 meters the deepest boring of this kind outside the United States. This corresponds in reverse to the elevation of Nanga Parbat in the Himalayan Range. The boring is being continued since the discovery was made there about 3 years ago.

The proximity of success and failure is shown by past history. In 1980, only 150 meters away, engineers of "Zisterdorf Superdeep 1" had to change the cutter at 7544 meters. Then, only a half meter deeper, there was a sudden pressure rise on the measuring instruments. A gas eruption occurred, but the drill rods got "stuck" and it was decided after 3 days of flaring to cap the well.

Even before World War II Zisterdorf was known as a productive oil field. Today OeMV produces the major part of domestic hydrocarbons in the Matzen-Auersthal area northeast of Vienna. The so-called "third story" lies under the rock of the alpine layer formation, for instance, along the northern edge of the Alps and the Flysch (sediments) and the chalkstone Alps at depths of 6,000 meters and in the Viennese basin at 6,000 to 14,000 meter depths.

From 1945 to 1955 the oil wells at Marchfeld and the Viennese basin were under the military control of the Soviets, who, according to statements by Austrian experts, transported eastward at least 80 percent of the approximately 21 million metric tons of crude oil produced in almost 10 years, at the "free rate" because as a result of the National Socialist period this was "former German property." Austria was to let the Soviets have an additional 10 million metric tons free of charge. Former Chancellor Julius Raab, however, obtained an amelioration: In 1963 the Soviet Union was satisfied with almost 6.5 million tons.

Today OeMV operates 138 gas and 1,000 oil wells, of which only 17 remain eruptive. Since 1960 at Matzen-Auersthal, reservoir water is first pumped out with the oil, purified, and then forced into the wells to bring up residual oil. The yield of this secondary production is approximately 35 percent.

At Berndorf south of Vienna, where they did after all bore for gas to 6,028 meters, the OeMV people unexpectedly hit a big sweet water reservoir at 2,800 meters; according to a communication by Schaffer, this could supply the city of Vienna for years with drinking water. It is not yet known whether and when this will be fallen back on.

Today Austria still covers 13 percent of its consumption of oil products and 35 percent of natural gas requirements with domestic production. In 1969 the figure for oil was 33 percent. Approximately 77 percent of the domestic crude oil--almost one million metric tons per year--are produced by OeMV, 300,000 metric tons by the Crude Oil Corporation (RAG), a company half of which belongs to Austrian branches of Shell and Mobil and which is chiefly active in the Upper Austrian area.

In the first 50 years, up to 1980, a total of 86 million tons of crude oil were produced in Austria. For natural gas the Austiran production is approximately 1.3 billion cubic meters per year. Four billion cubic meters are imported annually; nearly three quarters of this comes from the Soviet Union. The first modest gas strikes in the Wels area in Upper Austria were made in 1982. Up to 1980, 48 billion cubic meters of natural gas were produced in Austria. The Schwechat OeMV refinery, in which domestic and imported oil are processed, covers approximately 85 percent of Austrian requirements for oil and petrochemical products.

In the last 20 years, because of the various pipelines, Austria has become a transit country between East and West for the "black gold," oil and gas. Experts believe that a domestic production of approximately one million metric tons can be maintained annually for 20 years to come.

Reliable forecasts of productivity in future years are hardly possible. At the beginning of the seventies the OeMV managers were on the point of shutting down some oil wells fro economic reasons. Then, however, the oil price shock of the years 1973/74 made the decision easy for them.

5586

CSO: 3620/352

## GDF'S STORAGE, TRANSPORT OF LIQUEFIED NATURAL GAS

Paris DEFENSE in French Mar 83 pp 53-55

[Article by Georges Donat, deputy director for new studies and techniques at Gaz de France: "The Quality of Gas Techniques"]

[Excerpts] Gas Transport

#### The Network

The transport network of Gaz de France (GDF) connects the deposits of the Southwest and the different border stations, through which gas enters [French] national territory, to the large consumption centers or to storage facilities. It is interconnected with the networks of the other European countries. The absolute service pressure is generally 68.7 bars absolute, except on certain sections where it is 80 bars. This network comprises steel pipes welded end to end and compression stations whose purpose is to adjust for the pressure losses which the movement of gas in the pipes causes, by regularly increasing the pressure along the pipelines.

The development of steel production and pipe manufacturing techniques has permitted the use of steel grades with higher and higher mechanical properties, leading at the same time to savings in investment due to the reduction in the necessary amounts, and to greater ease in construction, particularly for welding.

In addition to the stresses which a buried pipeline must resist in normal operating conditions, it must be able to withstand, without rupturing, accidental circumstances such as a landslide, which implies for the steel a sufficient margin between its elastic limit and its tensile strength as well as a sufficient extension capacity before breaking.

From grades A42 (42 hectobars tensile strength) for the diameters 400 and 450 mm and X52 (52,000 pounds per square inch [psi] elasticity limit) for the diameters 500 and 600 mm used around 1960, pipes have now gone to 750 and 900 mm of grade X65. These steels with high mechanical properties have been produced and have maintained a good capacity for welding.

Principal Characteristics of the French Transport Network in 1982:

<u>Length</u>	<u>Largest Pipeline Diameter</u>	<u>Total Installed Power of Compression Stations (1)</u>	<u>Number of Division Counting Stations, Preexpansion &amp; Delivery</u>
Approx. 21,000 km	900 mm	355,000 kW	approx. 4,500

At present, French pipe manufacturers could provide pipes of grade X70. A clear increase in the service pressure could become attractive in the distant future, for example, if we had to carry out massive transport of hydrogen.

Liquefied Natural Gas (LNG)

In order to transport natural gas from Algeria to France, which would imply a pipeline crossing of a deep sea over a fairly large distance, GDF uses an LNG supply line with an annual capacity of nearly 200 billion kWh (TWh). Interest in the liquefaction of natural gas composed essentially of methane lies in the fact that a cubic meter [m<sup>3</sup>] of liquid at under 1 bar (and -162°C) corresponds to approximately 600 m<sup>3</sup> of gas in normal conditions (0°C, 760mm Mercury). This considerable volume reduction coefficient allows consideration of transport by ship, subject to access to cryogenic materials.

The passage in the liquid phase implies, after transport of the gas deposit to the coast, liquefaction in a port of the exporting country, sea transport, unloading followed by storage, and regasification in a port of the importing country.

Liquefaction plants are of two types corresponding to two processes which have been employed successively in Algeria: utilization of a classic cascading cycle in which the fluids are propane, ethylene and methane (Arzew plant), and utilization of a mixed cascade cycle in which the cold-producing fluid is formed by a mixture of methane, ethane and butane produced from the gas itself (the Skikda and Bethioua plants). The two plants at Bethioua each have the theoretical capacity to liquefy about 13 billion m<sup>3</sup>/year (40 million m<sup>3</sup> per day of operation).

The methane tankers transport the LNG at a pressure slightly above atmospheric pressure in self-supporting tanks or in membrane tanks supported by the medium of the heat insulation on the double hull of the ship. The first tankers put into service in 1964 transported approximately 25,000 m<sup>3</sup> of LNG, but today ships are built with 130,000 m<sup>3</sup> capacity. There are now 86 tankers in service or under construction in the world of which 37 utilize one of the 2 French techniques (Technigaz and Gaz Transport).

---

(1) Including that in underground storage facilities. The power units are graded from 1,000 to 4,400 kW.

Methane Tankers Providing Algeria-France Traffic:

<u>LNG Capacity:</u>	25,500 m <sup>3</sup>	40-50,000 m <sup>3</sup>	120-130,000 m <sup>3</sup>
Number of Tankers:	1	3	3 (1 Belgian)
Technique Used:	Gaz Transport	Gaz Transport (1) Technigaz (2)	Gaz Transport
Tank Type:	Self-supporting	Membranes	Membranes

The methane terminals receive and store the LNG, then assure its regasification and its entry into the transport network. The most recent storage reservoirs have an external wall of prestressed concrete, the internal tank of cryogenic material being either self-supporting or membrane, according to the techniques mentioned previously for the tankers.

French LNG Receiving Terminals:

<u>Site</u>	<u>Year of Start-up</u>	<u>Storage Capacity (m<sup>3</sup>LNG)</u>	<u>Annual Regasification Capacity (TWh/yr)</u>
Le Havre	1965	3 x 12,000	13
Fos-sur-Mer	1972	2 x 35,000 & 1 x 80,000	50
Montoir-de-Bretagne	1982	3 x 120,000	133

Gas Storage

Today, the energy available in GDF storage facilities is 53 TWh, which represents approximately 20 percent of annual consumption. The goal on the 1993 horizon is to increase this capacity to 130 TWh. A large above-ground gas tank only permits storage of about 2.5 GWh, and excludes considering surface storage and means using underground storage techniques. Two methods are used:

--Storage in aquifers;

--Storage in salt formations;

--Underground storage of gas in aquifers is the equivalent of a natural deposit where the gas would be introduced by injection into the ground through boreholes which also serve to draw it off at the time of discharge. This is achieved in an anticline geologic structure composed of a bed of porous rocks permeable in the interstitial pores through which the gas can move, surmounted by a bed of impermeable clays which blocks all migration of gas toward the surface;

--Storage in salt formations is made up of cavities hollowed out by the soft water washing in salt beds of considerable thickness. This involves a technique developed by GDF in the 1970's. A cavity may reach a geometric volume of greater than 200,000 m<sup>3</sup>, and production of approximately 0.3 TWh is possible from the largest of those which are now in service. There are two sites of this storage type in service.

All of the nine underground storage facilities now in service in France are capable of storing and discharging 53 TWh annually during the cold season. For comparison to this performance level, one will recall that at the end of 1981, EDF's [Electricite de France] capacity to produce electric energy from hydro-logic origins was 60 TWh.

Chemery, the largest aquifer, can provide 40 consecutive days of power equal to that of 10 1,300 MW nuclear plants.

Underground storage, thus, represents the means to store, with a very high degree of security, enormous quantities of energy with little impact on the environment since the land required for each storage facility (central station and well platforms) corresponds to an average of 18 hectares.

#### Techniques of the Future

The expansion foreseen for gas energy in the next several years will lead to development of more efficient transport and storage techniques for natural gas which will come in increasingly greater quantities from areas to which it is more and more difficult to gain access. To this gas it will become possible to add gas produced from coal gasification, which can be substituted perfectly for natural gas. It will also be possible to utilize hydrogen resulting from electrolysis of water using electricity from nuclear sources. GDF will then again be concerned with the function of production, and the corresponding techniques form the subject here and now of important research programs: development of coal oxygasification and hydrogasification methods, study of a reliable process of methanation of mixed carbon and hydrogen oxides, design of high-efficiency electrolizers, and development of nonfragile materials for hydrogen, in view of its transport and storage needs.

The improvement of the techniques and materials necessary for laying of underwater pipelines serving ocean gas deposits allowing maritime crossing, a realm in which French firms play an important role, should permit breaking the present depth record set at 610 meters, between Sicily and Italy. In the fairly near future the great depths of 2,000 to 3,000 meters will become accessible. In the framework of the Canadian Arctic pilot project, here and now conceived for testing the feasibility of producing natural gas in the Arctic islands and transporting it in the form of liquefied natural gas, an ice-breaker methane tanker project with integral membrane tanks is being investigated by the French firm Technigaz, which has already achieved benchscale feasibility judged positive by the Bureau Veritas.

Greater know-how in underground storage will permit use of more and more unfavorable sites, the most favorable having already been developed, and reduction of investment costs by lowering the amount of energy immobilized in the form of inactive gas. Indeed, the cycling of storage facilities implies the permanent presence of a gas cushion which plays a purely mechanical role by being compressed and decompressed, thus permitting the production wells to conserve their yield potential. The methane which now makes up this gas cushion and represents more than half the investment of storage in aquifers has begun to be replaced, at least partially, by an inert gas.

## OIL FIRMS TRY TO DIVERSIFY ENERGY SOURCES

Paris L'USINE NOUVELLE in French 21 Apr 83 pp 99-101

[Excerpts] The hydrocarbon fields, even the most inaccessible difficult ones remain and will remain the elite grounds for the stars of the international oil industry. With the help of the economic crisis and declining energy demands, the energy diversification of these firms runs the risk of being at least revised if not slowed down. For their part the French are keeping up.

The analysis of the behavior of French companies or of subsidiaries of foreign groups in France thus takes on meaning. The Total group and ELF-Aquitaine, each in their own way, have not missed the chance to participate in the concert of energy sources diversification. With its successes and failures, Giordano, the subsidiary of Total which produces solar cells and solar water heaters (see L'USINE NOUVELLE 13 Jan 1983) is doing well on the French market. On the other hand, the future of its American subsidiary, Photon Power, is uncertain. But as Robert Constants, director of Nuclear Mines for Total notes, "industrial projects, even if they do not all succeed, produce technical spin-offs which are always useful."

The common denominator to all the companies operating in France seems to be that which Jean Francois Saglio (president of Elf Energies) calls "the defense of business" through the expedient of energy conservation and the spread of higher performance fuel-using equipment.

Well-organized charity begins at home; it is in refining that successful progress has been registered: today not less than 1.3 million toe (tons of oil equivalent) are saved at the level of processing compared to 1973.

With Elf Energies assuring the promotion of energy services and Dienic assuring industrial management, a couple which Jean Francois Saglio likens to that of Darty and Thompson, Albin Chalandon's group must, in the coming months, give solid form to its willingness to market certain new products. This strategy is not based necessarily on taking control of firms but instead on true accords of cooperation, notably with national companies.

The introduction of a new solar water heater at a very competitive price, Microself, should be announced soon. The Mage program (remote surveillance and remote operation of thermal installations) will prove itself in the city of

Paris and finally a series of new products such as the Pactol, a thermal heated pump, will be created, once again with the participation of specialized industry personnel. If the new energies are not forgotten--after the solar house SOL 3, a new model SOL 30 is in progress, and one part of the capital of Photowatt, a manufacturer of voltaic cells, has been preserved--ELF seems to dedicate itself to that which Jean Francois Saglio smilingly explains as the promotion of domestic fuel. In proposing a high-powered "vertical service" backed up by the promotion of materials, notably of heaters whose quality can still be improved considerably, he is convinced that oil products still have a brilliant future, as basic energy or as supplements.

This form of energy diversification is also on the agenda for SFBP (French Oil Society BP). The new management of new energies headed by Pierre Faugeres has given itself the mission of exploiting the outlets offered to its well-established branches on the installers' and the heaters' markets. In climatic engineering and insulation, SFBP hopes to acquire, by repurchasing a firm, the means to exercise its technical know-how. From the new energies standpoint, "one tests the water" declares Pierre Faugeres.

Password "To be present just in case"

SFBP likewise plans to play a part in coal importation for the same reason as its foreign colleagues. BP wouldn't mind seeing the French market opened up to coal, which will take on a more and more significant position in its international activities. The ATIC (Technical Association of Coal Imports) "obstacle" is still present, but negotiations which look like they will succeed are in progress and could result in agreements with approved importers.

It is also coal for Total, which has set for itself the goal of reaching production of 20 million tons a year in 1990. Besides South Africa, France's primary oil company established itself on American soil in Wyoming and Kentucky. This was a penetration which took time, explained by Robert Constants, due mainly to difficulties in adapting to legislation and to American financing methods. The Harbert operation in Kentucky and West Virginia, said to have enabled Total to increase its reserves considerably, well illustrates these problems since it was ultimately an American which was chosen as a partner. This balance sheet, which Robert Constants describes as mediocre, is at least counterbalanced by new pronounced ambitions in nuclear matters by taking total control of Minatome and of Dong-Trieu in December 1982 and in respectively repurchasing the shares of Puk and the Empain-Schneider group. Although the price of uranium has fallen drastically and the recovery has not yet materialized, Robert Constants underlines on the other hand that a promising sign is that "the cost of buying reserves is still the same."

Compared to their senior foreign counterparts, the French oil firms have not yet reaped financial gains from energy diversification which, it has been noted, is quite varied corresponding to the original structure of the groups. It is nevertheless without resentment that the authorized persons do their accounting. It is not a question of throwing in the towel. The world oil industry cannot afford to let go of a market where it does not control fluctuations, much less upsets. The password is therefore still "To be present just in case."

The cyclical difficulties encountered could weigh heavily on the volume of investments pledged for "keeping contact." Jean Marie Chevalier, professor at Paris Nord and specialist in energy matters, notes that the results of oil companies for 1983 are up to now impossible to estimate. If the tendency already observed last year is confirmed, there is no doubt that certain areas of diversification will disappear from activity reports.

12394

CSO: 3519/472

## BRIEFS

ELF FINDS OIL IN NIGER--It was learned in Niamey that the French oil company Elf-Aquitaine recently discovered a small oil deposit on the extreme east side of Niger, between the town of Agadem and the Chadian border. From three wells drilled by the company, two were positive and the third was negative. A seismic test has been done on the deposit to evaluate its size and to determine if it is economically exploitable. Niger is not a producer of oil and its importation of oil products weighs heavily in its balance of payments [Text] [Paris LES ECHOS in French 18 Apr 83 p 8] 12394

ELF OIL IN GABON--Elf Gabon subsidiary of the Elf-Aquitaine National Society (SNEA) has recently discovered oil in the central part of the Gabonian "off-shore." According to the first attempts, the potential of the wells at Grand Aquille in Marine 1 is estimated at around 600 cubic meters a day. Complimentary works of evaluation will permit estimation of the commercial aspect of this discovery. Elf is carrying out important research in Gabon to try to keep its productive capacity there. From 11 tons 4 years ago oil extraction in Gabon has in effect decreased to a little more than 7 million tons this year. [Text] [Paris LE NOUVEL ECONOMISTE in French 18 Apr 83 p 72] 12394

CSO: 3519/472

## STUDY ON COST, SUPPLY, TRANSPORT OF IMPORTED COAL

Rome RASSEGNA PETROLIFERA in Italian 11 Apr 83 pp 323-327

[Text] Imported Coal Supply and Prices

The supply of coal continued to grow in 1981 at a sustained rate over that of the preceding year, exceeding the level of 18 million tons [MT], a rise of more than 13 percent over the 1980 level. This growth takes on greater significance if one considers that the rise in imports is entirely attributable to steam coal, as compared with a substantially stable market for coal for metallurgical uses. This growth continued in 1982, for which the total is expected to reach some 20 MT, making Italy the principal importer of coal from the EEC [European Economic Community] and second worldwide only to Japan.

The continuing substantial rise in imports of steam coal, even in a depressed international market situation, has its basis largely in the gradual implementation of projects, already begun in the recent past, for converting thermoelectric power and industrial (cement manufacturing) plants.

Procurement by users and operators on a national scale follows a by-now well-established pattern of distribution of origins, so as to maximize the diversification of sources [Table A]. Within this pattern, and for reasons of dependability and availability, the United States is the country from which we import the largest quantities of both coking coal (close to 5.7 MT in 1981) and steam coal (close to 3.4 MT). It should be noted, however, that the year 1981 was characterized by a rise in imports from the United States that exceeded the structural rate of growth, in that, American coal had, to a considerable extent, to fill the supply gap created by the sudden drop (of close to 2MT) in coal shipments from Poland. This situation continued in 1982 as well, although to a lesser extent owing to the partial resumption of exports from Poland. [Table B].

During 1982, the prices of imported coal, reacting to short-term conditions, dropped sharply on the spot market. The 1981 year-end contract prices, as regards the U.S. market, were around \$70/ton f.o.b. for coking coal, and around \$55/ton f.o.b. for steam coal.

In 1982, prices dropped sharply, especially for steam coal, on the Rotterdam c.i.f. market, going from \$62-\$64/ton in March to \$57-\$60/ton in September, for coal of U.S. origin.

This effect on the import market was owing in part, as had already been the case in the international market, to a slump in the f.o.b. price of U.S. coal, and in part to the slump in the charter spot market, in which prices dropped by all of half over a period of 1 year: 50,000-60,000-ton ships on the U.S. East Coast-Italy run were being chartered in September 1982 at \$5-\$6/ton as compared to \$11-\$12/ton for the same period of the preceding year.

Over 90 percent of coal imports are procured by our state-owned enterprises. During the first half of 1982, the distribution of the 10.3 MT imported was as shown in Table D.

#### Principal Using Sectors

The quantities of coal imported into Italy are divided approximately equally between two end-use types of sectors: Metallurgy and energy. Table E summarizes coal consumption in 1980 and 1981 by using sector.

The consumption of coking coal remained stable during the 1970's. In the years since then, owing to the profound depth of the crisis in the steel-making industry, the consumption of coking coal has steadily decreased, both by the integrated coking plants and by the independent ones. The situation is not expected to change relative to 1982 but rather to continue reflecting the sector's recovery problems.

Consumption of steam coal by the using sectors has shown a constant uptrend. The ENEL [National Electric Power Agency], in particular, is proceeding steadily with the equipping of its currently operating solid-fuel-fired thermoelectric plants to burn coal, and with the conversion of its dual-fuel plants which have been operating until now in a heating-oil-fired configuration.

In the cement-making sector, in which the use of coal had skyrocketed over the past 3-4 years, going from a few hundred thousand tons to around 1.3 MT in 1981, growth of coal consumption has slightly slowed with respect to forecasts.

The use of coal in 1982, in fact, is expected to end up at around 1.9-2.0 MT versus forecasts indicating a total consumption on the order of 2.3-2.5 MT. This decline cannot be attributed to a decline in competitiveness on the part of coal with respect to other sources of energy, the effects of which could not in any case have been felt in so short a time, but is rather owing to a temporary slowdown in the production rate of the cement plants, and to delays in authorizations to use coal in plants that have already completed their conversion to coal.

In the independent-producer sector, owing to the existence of a production plant system that is not suited to rapid conversion to coal, consumption is still virtually negligible. Given the high consumption potential of this sector, its use of coal is expected to grow significantly over the next several years, with the building of new plants, coupled, where possible, with conversion projects.

Consumption in other sectors, such as the household, commercial and transportation sectors, has for years now been stabilized at values of around 200,000-300,000 tons/year. Future consumption in these sectors is not expected to increase significantly.

In this context, mention should also be made of the lignite produced in Italy (1.8 MT/year) which ENEL consumes on a stabilized basis in its plants located at the mine sites.

[Table F shows list prices of solid fuels in Italy].

#### Transport and the Infrastructural Situation

The quantities and prices of imported coal are heavily influenced by the structure of the logistical system and by the characteristics of the ocean transport required to link the loading ports of the producer countries with the unloading ports situated along the Italian coasts.

The advantage of using large-tonnage ships, which reduce substantially the unit cost of transportation, has led users and domestic operators, in recent years, to go all out in search of solutions capable of rationalizing and minimizing the transportation costs of imported coal, through the use of ships of increasingly higher tonnage. Economies derived from using ocean-going ships of higher tonnages can attain levels as high as 15-20 percent; suffice it to note that, even under presently depressed conditions in the charter market that reduce the possible economies of scale, the use of 80,000-dwt (deadweight ton) in place of 50,000-dwt ships on the U.S. East coast-Mediterranean route results in a saving of at least \$1-\$2 per ton transported.

This trend toward the increased use of high-tonnage ships has manifested itself mainly in imports of steam coal; as for coking coal, it has for a long time been transported, based on a constant flow of imports, in high-tonnage ships (over 50,000 dwt).

Significant, on the other hand, in the steam coal sector is the evolution that has taken place in recent years in the size of coal ships being used for ocean transport.

As shown in Table G, in the space of 4 years alone, from 1978 to 1981, the percentage of ENEL's coal imports hauled by ships of Over 50,000 dwt went from zero to around 50 percent of the total tonnage transported.

This change in the average size of coal ships is attributable in part to the steadily growing use of coal by plants linked to docks in the deepest-water ports (La Spezia and Vado Ligure), and in part to the lightening system, which, by lightening the loading of medium-large ships, enables unloading to take place in shallower-water ports.

From the standpoint of infrastructure, the limitations inherent in the national receiving system have remained entirely unchanged. The coal-handling infrastructure, in fact, presents characteristics identical to those that existed during the 1970's.

What is more, the implementation of the PEN [National Energy Plan] insofar as concerns the coal infrastructure, which should eliminate our domestic handling limitations by the second half of the 1980's, is proceeding at a slow and delayed developmental pace, stemming from the minutely detailed study to which the three main terminals designated in the PEN are being subjected.

The building of the Vado Ligure terminal, for which technical and economic feasibility study has been drawn up, is closely dependent upon the future building of the planned coal-fired electric power plants in Lombardy and upon the technical and economic study currently under way on the costs to ENEL of transporting the coal to Val Padana.

The development of the Trieste terminal, for which the feasibility study as well as a company formed to build and manage it have been in existence for a long time, is currently being held in suspense pending a study of the real prospects for traffic developing from the Austrian and Bavarian markets.

The initiatives connected with the completion of the Gioia Tauro terminal are at a standstill pending final authorizations for the installation of an ENEL coal-fired electric power plant, without which the port would lose much of its economic justification.

Of major importance in this overall scheme of things is the planned building of a large-scale receiving infrastructure at Brindisi, which is to be linked to the new ENEL in situ power plant that has already been approved and should be completed by 1988-1990, and which could also be used for coal lightening and transshipping operations.

As regards railway facilities, recent studies have shown that, as a result of appropriate modifications on a limited scale, the transportation network will be able to handle the projected traffic, at least over the next 5 years.

Two main trunks are an exception to this evaluation, namely Savona-Centro Padana and Trieste-Austria, which will have to be substantially improved

and their capacity doubled if the planned ENEL power plants in Lombardy are actually built and if Austria's potential demand for coal actually materializes.

#### Sulcis Coal

The Sulcis coalfield, which represents Italy's only subbituminous coal deposit, contains substantial reserves involving an area of over 100 sq km with strata extending down to a depth of over 700 meters.

During the past few years, detailed geological surveys have been carried out, relative to a part of the deposit, covering an area of about 10 sq km (Northern Zone), the object of which has been to identify minable and extractable reserves.

This analysis, which has provided the basis for the mining plan, has identified extractable reserves of around 60 MT and minable reserves estimated at around 85 MT. Preliminary estimates of the reserves held by the coalfield as a whole place them at a total of around 340 MT.

As regards the coalfield's Northern Zone, a feasibility study was recently completed relative to the reactivation of the mine, which is currently in its start-up phase.

The mining plan study calls for production at an annual output rate of around 1.7 MT of scrubbed coal; this output rate is to be reached gradually by 1993, while the overall operation of the mine is to be developed over a time span of about 25 years.

The studies that have been carried out, however, confirm that the coal has a moderate calorific value (about 5,100 Kcal/kg) and a high sulfur content (around 7-9 percent).

A specific application has been found for this production as a directly-usable fuel in the existing and planned Sulcis, Fiumesanto and/or Oristano thermoelectric power plants.

The coal, which will nevertheless have to be mixed with low-sulfur-content coals so as to limit the emission of pollutants, will be used in thermoelectric units equipped with smokestacks 250 meters high.

A long-term scenario also envisages the possibility of using part of the Sulcis coalfield output in plants for converting the coal into gaseous and liquid products to be used in chemical and/or energy applications.

#### Coal Liquefaction and Gasification

In Italy, interest in the conversion of coal is motivated principally by the desire to extend the use of Sulcis coal beyond its application as a

directly-usable fuel. Equally valid motives stem from the intent to be present in an industrial sector of future importance from the energy and economic standpoints. Based on these underlying aims, the PNRE [National Energy Research Plan], approved by the CIPE [Interministerial Committee for Economic Planning] on 27 January 1982, calls for a major national commitment to the development and testing of coal conversion technologies; in particular, it calls for the building of a pilot plant for the gasification of Sulcis coal, and of a pilot plant for the production of electrical energy by means of mixed cycles.

Implementation of the PNRE's coal program, involving an expenditure of 412 billion lire (1980 lire) over the 1981-1985 quinquennium, should provide Italian industry with a footing equal to that of enterprises in the most advanced countries that are benefiting from substantial public subsidies, in both the research and pilot production phases.

The Italian commitment in the field of coal conversion is for the moment being shouldered mainly by the ENI [National Hydrocarbons Agency] Group; the activities currently being pursued cover all the important technological approaches.

In the field of gasification, technical and economic studies continue, as well as preliminary experimental testing for the building of a pilot plant for the gasification of Sulcis coal and the subsequent conversion of the synthetic gas thus obtained into products for automotive or chemical use.

In particular, mid-1982 saw the completion and putting into operation of a synthetic-gas-to-MAS [methanol and higher alcohols] conversion plant with an output capacity of 40 tons daily. The plant, based on a process originated by SNAM-PROGETTI [National Gas Pipeline Company-Projects] and ANIC [National Agency for the Hydrogenation of Fuel], converts synthetic gas into MAS to be used as a high-octane component of gasoline.

The positive demonstration of the process and of the product obtained from it could represent an important milestone, not only at the national level, on the road to exploiting synthetic gas obtained from the gasification of coal.

In the field of direct liquefaction, AGIP CARBONE [National Italian Oil Company-Coal] is participating on an ongoing basis, together with the ENI Group, in the development of the Exxon Donor Solvet direct-liquefaction process.

In support of the operational activities in the field of coal conversion, the green light has been given to a wide-ranging and full-fledged program of pure and applied research that could receive added impetus, involving also other laboratories and university centers, under the CNR's [National Research Council's] PFE 2 [Energy Applications Plan II].

Separately from the ENI Group, the Ansaldo and Fiat groups are also engaged in developing gasification systems for the production of electrical energy. Being planned is the construction of a 14-MW(E) plant, to be fueled initially by natural gas and subsequently integrated with a Westinghouse gasifier.

In sum, there exist in Italy proven capabilities that have already achieved concrete results in the field of coal-conversion and that under the implementation of the PNRE and PFE 2 could achieve important milestones in its development and exploitation.

[Tables follow]:

[Table A]  
Coal Imports by Country of Origin and Type\*  
(in Thousands of Tons)

<u>Type and Country</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>Percent Variation 1980/1979</u>	<u>Percent Variation 1981/1980</u>
<u>Anthracite</u>	373.2	294.0	191.2	- 11.3	- 35.0
--Federal Republic of Germany	19.1	18.0	14.6		
--United Kingdom	17.3	12.3	2.5		
--USSR	138.3	96.7	39.1		
--South Africa	156.3	108.1	119.9		
--Other countries	42.2	58.9	15.1		
<u>Lean Coal</u>	26.7	120.0	248.8	+349.4	+107.3
--South Africa	26.7	119.9	174.9		
--Other countries	--	0.1	73.9		
<u>Coking Coal</u>	8,613.3	10,795.3	10,764.3	+ 25.3	- 0.3
--Of which temporarily	(211.5)	(14.1)			
--Federal Republic of Germany	1,751.5	2,467.1	2,645.5		
--USSR	697.5	643.4	161.7		
--Poland	1,579.2	1,073.1	569.9		
--United States	3,583.2	5,298.7	5,725.4		
--Australia	866.5	1,125.6	1,546.3		
--Other countries	115.4	187.4	115.5		
<u>Steam Coal and Others**</u>	4,851.7	5,307.4	7,467.7	+ 9.3	+ 40.7
--Of which temporarily	(48.1)	--			
--Federal Republic of Germany	91.6	12.3	140.6		
--USSR	221.0	273.5	15.6		
--Poland	1,450.5	1,345.9	435.4		
--South Africa	2,141.8	2,830.5	3,342.8		
--United States	590.4	715.3	3,422.7		
--Australia	282.7	--	--		
--Other countries	73.7	129.9	546.0		
<u>Total</u>	13,864.9	16,516.7	18,672.0	+ 19.1	+ 13.1

\*Except petroleum cokes, of which around 970,000 tons were imported in 1981.

\*\*Includes agglomerates and lignites.

[Table B]  
1982 Coal Imports by Type and Origin  
 (Millions of Tons)

<u>Country</u>	<u>Actual 1st Half</u>		<u>Estimated 2d Half</u>		<u>Projected Year-End</u>		<u>Aggregate Total</u>
	<u>Coking</u>	<u>Steam</u>	<u>Coking</u>	<u>Steam</u>	<u>Coking</u>	<u>Steam</u>	
United States	3.6	2.6	3.2	2.4	6.8	5.0	11.8
South Africa	-	1.8	-	1.5	-	3.3	3.3
Federal Republic of Germany	1.0	-	1.2	-	2.2	-	2.2
Australia	0.4	0.2	0.8	0.5	1.2	0.7	1.9
Poland	0.4	0.3	0.5	0.3	0.9	0.6	1.5
Total	5.4	4.9	5.7	4.7	11.1	9.6	20.7

Source: ENI Statistics:

[Note]: Figures on imports from other countries have been omitted here as being insignificant; anthracite and lignite imports, which totaled some 100,000-200,000 tons all together, are not reported here.

[Table C]  
1980 and 1981 Unit Prices of Imported Coal in Italy  
 (Lire per Ton C.I.F.)

<u>Type and Country of Origin</u>	<u>1980</u>	<u>1981</u>	<u>Percent Variation</u>
<u>Coking coal</u>			
Federal Republic of Germany	104,738	126,572	+21
USSR	51,135	64,815	+27
Poland	53,024	78,650	+48
United States	59,826	85,454	+43
Australia	49,041	82,408	+68
Average value	68,298	94,937	+39
<u>Steam Coal</u>			
Federal Republic of Germany	97,561	134,199	+38
USSR	53,016	70,513	+33
Poland	44,951	87,467	+95
South Africa	38,120	68,533	+80
United States	52,426	77,161	+47
Average value	42,827	74,400	+74

Source: ISTAT Foreign Trade

[Table D]  
Coal Imports Into Italy  
(Millions of Tons)

<u>Enterprises</u>	<u>1st Half 1982</u>
<u>Public Enterprises</u>	
N. Italsider	4.61
Italiana Coke	0.87
ENEL	3.99
AGIP-Coal	0.16
Total public enterprises	(93%) 9.63
<u>Independents</u>	
Shell Italia	0.20
Coe Clerici	0.09
Agenzia Carboni	0.03
Unicoke	0.06
Others	0.13
Total independents	( 5%) 0.51
<u>Cement Plants</u>	
Unicem	0.12
Others	0.07
Total cement plants	( 2%) 0.19
<u>Sum total</u>	10.33

[Table E]  
Coal Consumption in Italy<sup>(2)</sup> by End-Use Sectors  
(Millions of Tons)

<u>Type and Sector</u>	<u>1980</u>	<u>1981</u>	<u>1982<sup>(1)</sup></u>
<u>Coking Coal</u>	11.2	10.1	10.8
(Coking plants, steel mills and independents)			
<u>Steam Coal</u>	6.0	7.7	9.3
<u>of which:</u>			
ENEL	4.9	5.9	6.8
Cement plants	0.7	1.3	2.0
Other industries	0.2	0.2	0.2
Independent producers, household and transportation	0.2	0.3	0.3
<u>Sum total</u>	17.2	17.8	20.0 [as published]

(1) Estimated.

(2) Including lignites.

Source: ENI Statistics.

[Table F]

List Prices of Solid Fuels in Italy (Ex-  
Railhead Milan as of September 1982)

<u>Item</u>	<u>Lire per Ton</u>	
	<u>Minimum</u>	<u>Maximum*</u>
Anthracite	248,300	286,000
Lean coals	224,800	225,300
Steam coal	217,800	218,300
Metallurgical coke (size: larger than 40 mm)	231,850	260,150
Firewood	86,000	87,000

\*Variability depends on type, origin and size.

Source: CARBONE INFORMAZIONI - 10/18/82.

[Table G]

Traffic Breakdown by Size of Ship Used  
to Haul Steam Coal Imported by ENEL

Percentage Hauled by Ships of Payload Capacity:

<u>Year</u>	<u>Less than 30,000 DWT</u>	<u>30,000-50,000 DWT</u>	<u>Over 50,000 DWT</u>	<u>Total Traffic (Metric Tons)</u>
1976	65	35	--	1.2
1977	51	49	--	1.6
1978	56	44	--	2.0
1979	33	45	22	3.2
1980	20	36	44	4.9
1981	6	45	49	6.5

Source: RASSEGNA PETROLIFERA - 7/30/82

9399

CSO: 3528/130

## USSR OFFERS SWEDEN NATURAL GAS THROUGH FINLAND

Helsinki HUFVUDSTADSBLADET in Swedish 6 May 83 p 14

[Text] The Soviet Union is offering Sweden the opportunity to buy up to 3 billion cubic meters of natural gas a year. Finland is willing to pay for part of the pipeline to bring Soviet gas underneath the Baltic to Gavle in Sweden.

This has become apparent from a TT [Press Wire Service, Inc.] interview with the trade attache of the Soviet Union in Stockholm, Gairat F. Rachimbayev. He is heading a Soviet delegation of natural gas specialists visiting Sweden. The delegation took part in an international natural gas conference in Gavle last Thursday, hosted by Sweden and Finland.

Gavle district is pushing hard for Sweden to buy Soviet natural gas. It would be transported through a 400-km-long pipeline through Finland and through 250 km under the Baltic to a point just north of Gavle. It is unclear how the pipeline would go in Sweden. It depends on what districts and industries would be willing to buy the gas.

The first vice minister of commerce for the Soviet Union, Yuri Bresynev, and Minister of Industry Thage G. Peterson have already discussed the natural gas deal in Moscow this year. Both parties declared themselves interested.

"The Soviet Union can in the first stage sell 1 billion cubic meters and in the second stage up to 3 billion cubic meters," says Rachimbayev.

According to what TT has learned, the Soviet Union wants to set the prize of gas at the level of the coal price on the world market, that is, at a low level compared with oil.

"The price is a question to be discussed by the delivering Soviet companies and Mittgas AB, that is, to receive and sell the gas in Sweden," says Rachimbayev.

"The Soviet Union has plenty of gas, or 39 percent of the now known supply. We can promise delivery for at least 100 years. Large amounts of gas are now being extracted in Orenoi in Siberia, and a new source in Yanbruk in eastern Siberia is about to be opened," says Rachimbayev.

The Soviet Union has a well-developed known technology for use in natural gas. One-hundred fifty thousand cities are heated by gas. Iron and steel production is mainly process-heated by gas.

9843

CSO: 3650/192

## CRESSON SEEN TO BE MORE FORCEFUL THAN JOBERT

Duesseldorf HANDELSBLATT in German 18 May 83 p 3

[Article: "France's Foreign Trade Policy: Even Loud Words Cannot Hide Weakness"]

[Text] sin DUESSELDORF--While President Mitterrand and Chancellor Kohl at a routine German-French summit meeting in Paris attempted to discuss global and bilateral economic matters in a statesmanlike manner, France's new Minister of Foreign Trade, Edith Cresson, was not pulling any punches. She called the high French deficit in trade with the Federal Republic "unacceptable" and bluntly threatened to enact punitive protectionist measures. What the pugnacious lady clearly forgot to add is the fact that the dark red numbers on her trade balance sheet are not only due to the flourishing German exports to the west, but that they are also due to the weakness of France's own exports.

In fact, French statistics for the bilateral trade present a terrible picture from the French side: last year Paris was forced to record a deficit of approximately Fr 38 billion (DM 12.5 billion). Compared to 1981, when the deficit amounted to "only" Fr 22.6 billion, this represents a dramatic increase.

This development clearly shows that, due to French efforts to stimulate their domestic market last year, a good amount of business also went to German exports. On the whole, in comparison with 1981 German exports rose last year by 22.7 percent to DM 127.7 billion, which, according to the calculations of the German-French Chamber of Industry and Business, adjusted and with consideration of last June's devaluation of the franc against the mark, still amounts to a real growth of around 10 percent. French hopes that the upward revaluation effect of about 10 percent for the mark would cause a long skid in German export statistics burst like a soap bubble, and the tempo of exports was scarcely slowed.

Even in the first months of this year, German exports to France continued to run at a brisk pace, to such an extent that the French market presents itself as a stable support for the German economy. In the final analysis, almost all branches of industry are profiting from the situation, above all the German auto industry. Autos have already experienced their greatest success in France over the last 2 years, with a 22 percent growth in sales. In contrast, the French competition was able to slow the downward trend of their sales figures in the Federal Republic only with difficulty. This branch alone bestows upon France's export trade deficits which grew continuously, from Fr 4.7 billion in 1980 to Fr 8.2 billion in 1981 and to Fr 13 billion last year.

The outlook is scarcely better for most other French export industries. Only the pharmaceutical industry, which in Germany traditionally operates without production surpluses, the toy and sports equipment industries and, to a lesser extent, the electrical and electronics industries were able to contribute to a degree worth mentioning.

Due to the continuing economic stagnation in the Federal Republic, this could not prevent France's total exports to the Federal Republic from climbing last year by only 10.1 percent at current prices, which, given an average inflation rate of 9.7 percent, reduces the real growth to a meager 0.4 percent.

#### Throwing Stones From a Glass House

For Madame Cresson, the scapegoat in the matter is clear. Above all, rigid trade regulations and numerous, effectively protectionistic strictures in the Federal Republic seriously impede the penetration of French competition in the German market. Just as Economics Minister Jacques Delors did with his colleague from Bonn, Graf Lambsdorff, the French minister of Foreign Trade, in a radio interview, practically delivered an ultimatum for the dismantling of such trade restrictions and threatened appropriate retaliatory measures should Bonn refuse to act.

The minister did concede, it is true, that approximately Fr 20 billion of last year's Fr 38 billion deficit was structurally caused, but the remaining Fr 16 billion could have been avoided with free market entry. The minister failed to mention, of course, that in just this point Paris is anything but innocent. All too often the French government, as Graf Lambsdorff repeated recently with regret, has opposed efforts to unify a number of statutes and regulations within the European community and has clung instead to national regulations. One could have realized earlier in France that such a frequently demonstrated opposition to the equalization of laws for the removal of technical trade barriers can boomerang.

France has frequently toyed with the idea of protectionist moves as a means of reducing its trade balance deficits and has carried them out often enough. In particular, the town of Portiers had to pay for an especially glaring case with its good name. But such loud and strong words as are now being sent so rapidly over the air-waves by Madame Cresson remain the exception. Her predecessor, Minister of Foreign Trade Michel Jobert, certainly no tip-toer in the politics of trade, was in comparison a mostly moderate disputant. He, too, constantly searched for ways to reduce the deficits, but at the same time was aware that the protectionist arsenal remains limited as long as one is not willing to suffer all the painful consequences.

As an example, to establish a cash depository, a frequent practice of many countries, France would have to explain its balance of payments crisis as Great Britain and Italy did previously. The consequence would be that one might have to bend to the harsh economic and political conditions of the Community. This also applies in the case of the Common Market granting other protective measures to France.

## Aiming in the Wrong Direction

A reduction of economic and political sovereignty scarcely comes into question, particularly for Paris. Not the least for that reason, President Mitterand has so far continuously tried to distance himself from the protectionists in his own ranks.

Even in the targeting of her threats, M dame Cresson stated only half the case. It is true that the Federal Republic is by far the largest French trading partner and thus the deficits in this area are in absolute terms the highest. In trade with other important industrial nations, however, the deficits are proportionally hardly lower. With respect to the U.S. last year, they still stood at Fr 25 (1981:22) billion, and with Japan, at Fr 12 (9) billion.

Above all, trade with the high income and strong market countries of the OECD has worsened steadily over the last few years. It is only in trade with the low-income developing countries that French business still produces a balance of trade surplus worth mentioning.

Further, many firms exhibit no inclination to export, a fact well documented by the circumstance that the 20 largest French firms compete for approximately half of all exports. In numerous product areas, a search of foreign markets for French offerings would be in vain.

In addition to the unfavorable foreign trade structure, there are still other important reasons for the dark red numbers in the balance of trade. Especially inviting of risk is the fact that French companies have never been classified even by their own government, an essential ingredient for successful operations in foreign markets. Particularly detrimental must also be the fact that markets once won are often enough not sufficiently supported in the follow-up period. How could it then be otherwise that, as the French bureau of statistics recently reported, despite the many devaluations of the franc over the last few years no new market shares could be won abroad?

"We are not on the ball," complained Michel Jobert previously. His successor, Edith Cresson, has apparently overheard him.

12330

CSO: 3620/357

## EEC'S DAVIGNON ON PROSPECTS FOR EUROPEAN SOLIDARITY

Paris LES ECHOS in French 20 May 83 p 4

[Interview with Etienne Davignon, vice-president of the EEC, by Tristan Doelnitz: "The Threat of Its Decline Will Lead Europe Sooner or Later to Decide to Strengthen its Union"; date and place not specified]

/Text/ How can Europe hope to be taken seriously and to play the role it might hope to play on the international stage, if it continues to display disunity? In his interview with LES ECHOS, M Etienne Davignon, vice president, European Commission, emphasizes this question, adding that the Europeans share with the Americans something like an obsession for the short term, and that this weakness is all too often multiplied by a factor of 10.

Will awareness of the relative decline of Europe's economic importance by comparison with its principal partners, the United States and Japan, lead some day to that burst of energy passionately desired by those who would wish to record the achievements of Europe and refuse to stop at its faults, handicaps and failings?

The few high marks registered with respect to Japan from the moment the EEC showed itself united at the time of negotiations, prove that we should not despair of European unity. Still, we have a long way to go yet.

The existing gap between the statements favorable to the greater monetary integration in the EEC and the differences that are all too real, albeit reduced, between the economies of the Ten painfully reminds us of this fact.

Will Williamsburg mean another chance for the Stuttgart summit by confirming that a partial representation of EEC member countries limits the scope of action? A certain weariness may be observed on the old continent that could possibly be dissipated by the hope of some revival provided it were the Ten's genuine political will to escape from the present impasse.

Doelnitz: What is it that holds back European progress with respect to the guidelines defined by the Commission? May we hope that this blockage or political obstacle will one day be surmounted?

Davignon: In the present European situation we have three types of theoretical situations. The first concerns matters that are handled with some difficulty, such as farming and the iron and steel industry. These are sensitive issues, and the differences are sometimes enormously acute, but in the end we manage to cope with them all the same.

The second category concerns those issues on which the governments themselves have not yet arrived at a definite attitude. This is where we find concrete realities in the course of profound transformation, so that governments which already have the greatest difficulty in defining a national policy, are bound to ask themselves whether they should tackle the definition of a more universal policy.

To cite some examples: Telecommunications in complete upheaval and bioengineering. At the national level no definite response has yet been established, and in any case national responses would not be adequate, because the dimension of the challenges far exceeds the capacities of any one country.

The third type of problem requires the political acknowledgment of the need for it to be handled at the European level. Here there is an enormous difficulty in passing from the theoretical acknowledgment to the definition of the precise and concrete means to achieve the end.

Doelnitz: What is the nature of this difficulty?

Davignon: It is due first of all to a general feature. With regard to all these questions, the prospects considered are never more than short-term prospects. In our system of society political power--and not it alone--has trouble in considering anything beyond the short term. That, evidently, is the European weak spot.

It is weak at the level of political institutions because, at a time of crisis, the pressure is for immediate results. Our entire democratic structure is so constituted. As far as I am concerned this is a reality of the decisionmaking process. Nobody has time enough to look beyond the short term with regard to various objectives. That is the European impasse.

The Japanese, by contrast, pursue another policy: The short term is influenced by a medium and long-term strategy.

The United States, again, is also basically obsessed by short term considerations. Just like Europe. However, it has a capacity, not enjoyed by Europe, for making abrupt adjustments, whether by way of the banking system or the market or on the level of politics. It does not do that which we manage wonderfully well: It does not publish hundreds of reports--not to correct mistakes but to identify them the moment they are committed! That is the real difference.

"Common Needs but Fragmented Action"

Doelnitz: How can we escape these deadlocks?

Davignon: The real question for Europe is that of finding out whether it will be taken seriously enough for the European Community, in other words not subject to short-term considerations in favor of long-term strategies.

Let us take the example of the SME /European Currency System/. The British attitude consists in considering it to be very interesting. The English will join it...but "when the moment is right." Now, the SME does create certain constraints to which economic developments need to adjust. That is enough to avoid disasters. It is not enough to represent a dynamic element.

Another example in the field of energy or industry: How to agree on common measures regarding some actions that everybody considers necessary in principle? Common needs are easy to define, but action often remains fragmented.

At the European level, 10 ministers of agriculture will discuss the price of milk, ten ministers of industry the distribution of the steel market.

However, once returned to their capitals, whom do they confront as political interlocutors? Officials who do not have the time to adjust the European dimension of a problem to their political strategy.

Doelnitz: From what moment on would national officials feel concern?

Davignon: The question remains the same. Basically it is a matter of politics. Which of the two pressures will prevail? At issue this year, for example, is the question whether we will recognize that certain elements are required so as to create additional security with regard to existing development needs.

Once this is done, will we be able to express it in a manner enabling us to adopt some decisions that are now quite feasible from the technical aspect?

There is a paradox in European affairs--once a conjunction of good will exists, responses to very difficult questions are always found. We go to the very brink of the precipice but then recoil and do not jump. We did, for example, begin a debate precisely on the attitude toward certain partners.

Doelnitz: What are the points on which agreement might be reached to let matters advance?

Davignon: To begin with we have a first and fundamental issue of identity: Do we or do we not wish to adopt a position vis-a-vis the United States and Japan?

As regards Japan, the European attitude in 1983 has absolutely nothing in common with that of 1980.

At that time Japan was bilaterally courted by each CEE member country. In the absence of a united European response, the Japanese were enabled to retain their strategy.

## "Williamsburg Is not the Best Method"

By the end of 1982 the governments had discovered that their earlier approach had done nothing for them. The wish for a common strategy arose as the result.

The Japanese did not believe it. When, in early January 1983, M Abe arrived in Europe, he was all surprised to be told in London and Paris that nothing could be done there: The documents were in Brussels, he was informed. The FRG did the same and also told him to "go to Brussels." Regardless of what we might think deep down.

Moreover, we assumed the presidency of the Council of Ministers. "We will not go back on our word." The Japanese then negotiated hard in February and, within 36 hours, had changed their attitude, and we arrived at an agreement.

This agreement on moderation by the Japanese supplied a whiff of oxygen to our industry. It will now have to adjust so as to conquer the technological heights.

The second aspect--relations with the United States. The Soviet pipeline affair--just another incident--crystallized a great deal. We discovered that the problem was much more basic and generally touched upon international exchanges of technology. As regards the exchange rates, we have lost the entire economic advantage of drop in oil prices.

Taking all this into account, is it likely that we will in future have a better defined attitude to the United States? I believe so. The difficulty lies in the fact that a conference like that at Williamsburg is by no means the best method.

While this kind of summit is not bad, it is not favorable to a distinctly European profile. When several Europeans sit around a table and represent their countries as such, they are less European than when they have a single spokesman.

It is better to have consultations of the Williamsburg kind than not to have any. But, for the one as well as the other side, they tend more to indicate what the participants would like to see happen than involve resolute negotiations. It would be in the interest of the Europeans to have a more defined structure.

Thereafter, and that is the second issue, comes the great economic debate. Everybody knows by now that, unless there is a certain revival of growth, we Europeans will suffer all the accumulated disadvantages, because in terms of technology we are not up to standard, because investments here need to be greater than there, and because social and political restraints will become more and more pressing.

### Recovery: Blocked Outlook

The figures are daunting. When the crisis began, Europeans, Japanese and Americans were generally on the same level. Ten years later we are third, and the outlook appears blocked. To what extent will we appreciate that this element is so important as to call on us to set aside many of our disputes on economic policy, on the extent of cooperation or noncooperation?

Lastly it is perfectly obvious that, if we wish to keep our technological capacities, we must have a proper competitive system at the European level (if we do not, we would simply harbor illusions about the reality of the stake) and also a certain element of cooperation to enable us to tackle this competition. That is the problem of high technology, of research relations, the wastage caused by duplication, the mentality of our industrials that needs to be changed.

As to the last points, we need to reflect and ask ourselves: Can we help identify the strategic points important for us; define some definite objectives? That can be done much more easily within a common framework such as Europe.

Doelnitz: What, according to you, could make for a federative element?

Davignon: What leads to decisionmaking? The need to do so. The great concept of Europe was born at a time of great danger. Also, necessity pushes people beyond their bondage to the short term.

Is this necessity sufficiently felt now? Europe has gone beyond the stage of discussion for discussion's sake. The absence of a decision in Europe now involves definite consequences. Two years ago it could still appear as if there were none.

Unless certain decisions are taken in Europe in the months to come, I am sure that we will realize later that a certain decay of our structures was due to this failure to take these decisions. Two years ago I would not have said that. The pressures and necessities to which we are all subject mean that there is no alternative to what appears as the move toward decline; matters simply cannot remain as they are.

However, and that is the interesting point, we are bound to note that France now tends to be disappointed with Europe. In other words, it expected something. And precisely because there is now the fear that the decline might achieve a certain dimension, we may hope for new decisions.

11698

CSO: 3519/519

## FOREIGN TRADE WITH CEMA, PRC, ALBANIA DETAILED

East Berlin DDR AUSSENWIRTSCHAFT in German Vol 22 18 May 83 pp 4-5; 25 May 83  
p 5

[Text] According to preliminary data (projections of monthly statistics), the export growth rate dropped considerably in 1982 and in nominal terms came to 6 percent (1981, up 11.3 percent) while imports declined by 0.6 percent (1981, up 5.9 percent). As a result, the balance of trade deficit decreased from 83.7 billion OeS [Austrian Schillings] in 1981 to 65.7 billion OeS in 1982.

The GDR in 1982 likewise was by far the biggest trade partner with a share of almost 30 percent in Austrian exports and more than 42 percent in Austrian imports. Compared to other capitalist industrial countries--with the exception of Finland--an above-average share of Austria's foreign trade continues to be transacted with socialist countries, especially the Soviet Union. In 1982, for example, the share of the socialist countries (without the SFR [Socialist Federated Republic] of Yugoslavia) in Europe came to more than 11 percent both for Austrian exports and for Austrian imports.

## Soviet Union--One of Austria's Most Important Economic Partners

The Soviet Union has for many years been one of Austria's most important economic and trade partners. In 1982, for example, it held third place, after the GDR and Italy, with a share of 5.0 percent out of Austria's import volume. At the same time, 3.6 percent of Austria's exports went to the Soviet Union; this implied a sixth-place ranking.

The basis of bilateral trade consists of the long-term agreement on commodity and payment transactions between the Republic of Austria and the USSR which took effect on 1 January 1976 and which runs until 31 December 1985. In addition to this long-term trade agreement, the agreement on the development of economic, scientific-technological, and industrial cooperation of 1973 also serves to promote economic relations between both countries.

Moreover--continuing the agreement on cultural and scientific cooperation between the USSR and Austria of 1968--an agreement was signed in Vienna on 11 February 1982 which deals with the expansion and promotion of bilateral cooperation in the fields of science, college and adult education, art and literature, as well as sports.

The prospects of Soviet-Austrian economic relations were one of the main points taken up at the 13th conference of the Mixed Commission. The emphasis was here on the long-term program for the development and in-depth expansion of economic, scientific-technological, and industrial cooperation for the years 1981-1990.

The Soviet Union to a considerable extent covers Austria's import requirements for various raw materials and fuels. Shipments of machinery and equipment, for example, include metal-cutting machines, electric motors, and electric fork-lifts. Soviet passenger cars are also well received in Austria. Coal from the Donets Basin and iron ore from Krivoi Rog are being shipped on the basis of long-term contracts to VOEST-Alpine [United Austrian Iron and Steel Works, Inc.] and Soviet petroleum goes to the Schwechat Refinery.

The long-term contracts signed in recent years concerning the delivery of Soviet natural gas to Austria are also very important.

The fourth natural gas contract was signed in 1982 between OeMV (Austrian Mineral Oil Administration) and Soviet Soyuz-Gazeksport which, starting in 1984, calls for an additional annual shipment of 1.5 billion cubic meters of Soviet natural gas during the 25 years of contract duration. Since the first natural gas contract, the OeMV has been getting 2.5 billion cubic meters of natural gas annually on the basis of long-term delivery contracts.

Besides, Austria and the USSR are participating in the multilateral agreement on the transit shipment of Iranian natural gas to the countries of Western Europe and Czechoslovakia.

Austria in turn among other things exports to the USSR special metal-cutting machines, foundry equipment, chemical plants, equipment for paper, cellulose, and wood processing, industrial controls, as well as computers. In addition to VOEST-Alpine and other big enterprises, there are many medium-sized and smaller enterprises that export miscellaneous finished products, semifinished products, and consumer goods to the USSR.

For more than 25 years, the Austrian shipyards at Korneuburg and Linz have been building tugboats and motor vessels for passenger transportation for the Soviet Union. Overall, the shipyards in 1981 received orders from the USSR amounting to 1.9 billion OeS. Another three passenger vessels are to be built in 1983-1984.

At this time, important long-term projects are being carried out on a compensation basis.

For example, the USSR and Austria in 1982 signed a contract on the construction of a smelter plant in the Belorussian SSR [Soviet Socialist Republic] not far from Minsk which will have an annual output capacity of 750,000 tons of crude steel. Including the ancillary plants, the total value of this order, for which VOEST-Alpine is the general contractor, comes to about 9 billion OeS.

In 1982, a declaration of intention was also signed according to which Austrian firms--for example, the Heid [Inc.] machine plant--are to deliver machinery for the processing of pipe joints and pipe worth several billion Austrian schillings.

Shares of CEMA Countries out of Austria's Total Exports for Selected Commodity Categories (1981)

	1	Export gesamt 2	Export in RGW- Länder	Anteil am Gesamt- export 3
	4	in Mill. ÖS		in %
5	Gesamt	251 768	28 733	11,4
6	Nahrungsmittel	9 420	1 425	15,1
7	Getränke und Tabak	1 387	53	3,8
8	Rohstoffe	19 391	1 002	5,1
9	Holz	11 304	165	1,5
10	Spinnstoffe	3 031	435	14,4
11	mineralische Rohstoffe	1 048	173	16,5
12	Brennstoffe und Energieträger	4 439	491	11,0
13	chemische Erzeugnisse	23 265	3 967	17,0
14	Grundstoffe	6 276	1 229	19,6
15	Plaststoffe	7 777	1 061	13,6
16	Halbfertig- erzeugnisse	90 959	12 918	14,2
17	Papier	13 098	1 283	9,8
18	Textilien	17 223	1 387	8,0
19	mineralische Erzeugnisse	8 812	1 372	15,6
20	Eisen und Stahl	24 037	5 989	24,9
21	NE-Metalle	5 415	639	11,8
22	Metallwaren	13 039	1 597	12,2
23	Maschinen und Transportmittel	69 034	6 953	10,0
24	Maschinen elektrische	35 125	5 044	14,4
25	Maschinen	22 410	1 345	6,0
26	Transportmittel	11 494	562	4,9
27	sonstige			
28	Fertigwaren	33 413	1 888	5,6
29	Schuhe	4 761	614	12,9
30	Bekleidung	8 488	232	2,7
31	Erzeugnisse der Fein- mechanik/ Optik	4 970	392	7,8

Key: 1--Total exports; 2--Exports to CEMA countries; 3--Share out of total exports; 4--Millions of Austrian Schillings; 5--Total; 6--Foodstuffs; 7--Beverages and tobacco; 8--Raw materials; 9--Lumber; 10--Spinning materials; 11--Mineral raw materials; 12--Fuels and energy sources; 13--Chemical products; 14--Raw materials; 15--Plastics; 16--Semifinished products; 17--Paper; 18--Textiles; 19--Mineral products; 20--Iron and steel; 21--Nonferrous metals; 22--Hardware; 23--Machinery and transportation equipment; 24--Machinery; 25--Electric machines; 26--Transportation equipment; 27--Miscellaneous; 28--Finished goods; 29--Shoes; 30--Clothing; 31--Precision mechanics and optics products.

## Development of Austria's Foreign Trade

	Export		Import		Handels- bilanz defizit	Deckungs- koeffizient	Terms of Trade durch Exporte
	1	2	1	2			
	4	1	4	1	4	3	4
	In Mill. ÖS	Verände- rung gegenüber Vorjahr in %	In Mill. ÖS	Verände- rung gegenüber Vorjahr in %	In Mill. ÖS	in %	(1971 = 100)
1970	74 272	+ 18,4	82 266	+ 25,6	17 994	80,5	101,0
1975	130 884	- 1,9	163 376	- 2,9	32 492	80,1	100,9
1976	152 114	+ 16,2	206 081	+ 26,1	53 967	73,8	98,7
1977	161 781	+ 6,4	234 841	+ 14,0	73 060	68,9	98,0
1978	176 112	+ 8,9	231 888	- 1,3	55 776	76,0	98,2
1979	206 253	+ 17,1	269 862	+ 16,4	63 609	76,4	96,9
1980	226 169	+ 9,7	315 846	+ 17,0	89 677	71,6	94,9
1981	251 769	+ 11,3	334 510	+ 5,9	82 741	75,3	91,2
1982	266 860	+ 6,0	332 551	- 0,6	65 691	80,2	

Key: 1--Change compared to prior year; 2--Balance of trade deficit; 3--Coverage coefficient of imports through exports; 4--In millions of Austrian Schillings.

## Austria's Most Important Trade Partners

	1981		1982 <sup>1</sup>		Verände- rung 1982 gegen- über 1981 in %
	5	3	5	3	
	In Mill. ÖS	Anteil <sup>1</sup> in %	In Mill. ÖS	Anteil <sup>1</sup> in %	4
Export	251 769	100,0	266 860	100,0	+ 6,0
6 BRD	73 315	29,1	78 277	29,3	+ 6,8
7 Italien	25 325	10,1	24 214	9,1	- 4,4
8 Schweiz	18 556	7,4	17 217	6,5	- 7,2
9 Großbritannien	10 529	4,2	11 534	4,3	+ 9,5
10 Frankreich	8 976	3,6	11 468	4,3	+ 27,8
11 UdSSR	7 718	3,1	9 417	3,5	+ 22,0
12 USA	6 510	2,6	7 854	2,9	+ 20,6
13 SFRJ	7 585	3,0	7 781	2,9	+ 2,6
14 Niederlande	5 933	2,4	6 480	2,4	+ 9,2
Ungarische VR	6 688	2,7	6 428	2,4	- 3,9

Key: 1--Out of total exports or imports; 2--Preliminary data for 1982 (determined by means of projects of monthly statistics); Source: "Handbuch des österreichischen Osthandels" [Handbook of Austrian Trade with the East], Statistics of the Austrian Institute of Economic Research, No 2, 1983; 3--Share (1) in %; 4--Change in 1982 as compared to 1981, in %; 5--Millions of Austrian Schillings; 6--West Germany; 7--Italy; 8--Switzerland; 9--Great Britain; 10--France; 11--USSR; 12--Socialist Federated Republic of Yugoslavia; 13--The Netherlands; 14--Hungarian People's Republic.

	1981		1982		Veränderung 1982 gegenüber 1981 in %
	In Mill. US	Anteil <sup>1</sup> in %	In Mill. US	Anteil <sup>1</sup> in %	
Import	334 510	100,0	332 551	100,0	- 0,6
BRD	129 996	38,9	140 901	42,4	+ 8,4
Italien	27 860	8,3	28 773	8,6	+ 3,2
UdSSR	20 854	6,2	16 663	5,0	- 20,1
Schweiz	15 952	4,8	15 935	4,8	- 0,1
Frankreich	12 521	3,7	12 843	3,9	+ 2,6
Saudi-Arabien	12 622	3,8			
USA	13 662	4,1	12 495	3,8	- 8,5
Japan	9 160	2,7	9 367	2,8	- 2,2
Niederlande	8 355	2,5	9 183	2,8	+ 9,9
Großbritannien	7 837	2,3	7 294	2,2	- 6,9

Key: [For footnote 1, please see above table]; 2--Millions of Austrian schillings; 3--Share (1) in %; 4--Change in 1982 as compared to 1981, in %; 5--West Germany; 6--Italy; 7--USSR; 8--Switzerland; 9--France; 10--Saudi Arabia; 11--The Netherlands; 12--Great Britain.

Share of CEMA Countries out of Austria's Total Imports for Selected Commodity Categories, 1981

	1	Import	Import	Anteil am
		gesamt	aus den	Gesamt-
	5	In Mill. US	2 RGW-Ländern	4
				in %
6	Gesamt	334 510	39 753	11,9
7	Nahrungsmittel	18 892	2 105	11,1
8	Fleisch	1 226	442	36,0
9	Molkererzeugnisse	1 008	235	23,3
10	Obst und Gemüse	6 313	728	11,5
11	Getränke und Tabak	1 490	79	5,3
12	Rohstoffe	22 152	5 472	24,7
13	Holz	4 358	2 332	53,5
14	mineralische Rohstoffe	2 778	350	12,6
15	Erze und Schrott	6 480	1 552	23,9
16	Energieträger	62 404	25 148	40,3
17	Kohle, Koks	6 603	3 051	46,2
18	Erdöl und -produkte	43 893	10 788	24,5
19	Erdgas	11 326	11 034	97,4
20	Elektroenergie	580	284	48,9
21	tierische und pflanzliche Öle	1 502	568	37,8
22	Erzeugnisse der chemischen Industrie	30 705	2 426	7,0
23	chemische Grundstoffe	8 290	1 075	12,9
24	Halbfertigerzeugnisse	60 644	2 426	4,0
25	Eisen und Stahl	9 005	1 018	11,3
26	Maschinen und Ausrüstungen	63 825	708	1,1
27	Verkehrsmittel	27 695	324	1,2
28	sonstige Fertigwaren	44 416	765	1,7

Key: 1--Total imports; 2--Imports from CEMA countries; 4--Share out of total imports; 5--Millions of Austrian Schillings; 6--Total; 7--Foodstuffs; 8--Meat; 9--Dairy products; 10--Fruit and vegetables; 11--Beverages and tobacco; 12--Raw materials; 13--Lumber; 14--Mineral raw materials; 15--Ores and scrap; 16--Energy sources; 17--Coal, coke; 18--Petroleum and Petroleum products; 19--Natural gas; 20--Electric energy; 21--Animal and vegetable oils; 22--Chemical industry products; 23--Chemical raw materials; 24--Semifinished products; 25--Iron and steel; 26--Machinery and equipment; 27--Transportation equipment; 28--Miscellaneous finished goods.

## Austria's Foreign Trade with the European CEMA Countries

	1970	1980	1981	1982
	in Mill. US			
2	<b>Export in europäische</b>			
	<b>RGW-Länder</b>			
3	9 579	27 260	28 733	29 641
	<b>UdSSR</b>			
4	2 134	6 177	7 719	9 417
	<b>Ungarische VR</b>			
5	2 089	4 930	6 689	6 428
	<b>CSSR</b>			
6	1 606	3 061	3 273	4 190
	<b>Import aus euro-</b>			
	<b>päischen RGW-Ländern</b>			
3	8 633	30 670	39 753	36 719
	<b>UdSSR</b>			
5	2 068	13 262	20 855	16 663
	<b>CSSR</b>			
4	1 753	5 846	6 293	7 282
	<b>Ungarische VR</b>			
7	1 549	4 357	5 036	4 755
	<b>VR Polen</b>			
	1 506	3 105	2 603	3 200

Key: 1--Data based on projection of monthly statistics of Austrian Economic Research Institute; Source: "Statistische Uebersichten des Wifo" [Statistical Tables of the Economic Research Institute], No 2, 1983; 2--Exports to European CEMA countries; 3--USSR; 4--Hungarian People's Republic; 5--Czechoslovakia; 6--Imports from European CEMA countries; 7--Polish People's Republic

## Foreign Trade between Austria and the USSR

	1	2	3
	Exporte in die UdSSR in Mill. OS	Importe aus der UdSSR	Saldo
1977	4 607,8	8 422,2	- 3 814,4
1978	5 375,4	8 870,5	- 3 494,7
1979	6 822,4	10 269,3	- 3 446,9
1980	6 177,3	13 262,4	- 7 085,1
1981	7 718,9	20 854,9	-13 136,0
1982	9 417,0	16 663,2	- 7 246,2

Key: 1--Exports to the USSR; 2--Imports from the USSR; 3--Balance; 4--Millions of Austrian Schillings

Austria's Foreign Trade with the USSR by Selected Commodity Categories.

	1	1981 in Mill. ÖS	2	Verände- rung gegenüber 1980 in %
		7 719,0		+ 25,0
3	Export			
	Nahrungsmittel	157,6		- 47,2
4	Erzeugnisse der chemi- schen Industrie	647,7		+ 10,3
5	Halbfertigerzeugnisse	4 535,4		+ 46,8
6	Eisen und Stahl,	3 680,3		+ 52,3
7	NE-Metalle	206,6		+ 6,4
8	Maschinen und Anlagen	1 306,3		- 6,6
9	Arbeitsmaschinen	206,4		- 6,6
10	Metallbearbeitungs- maschinen	205,5		- 4,9
11	sonstige Fertigwaren	833,6		+ 20,3
12	Schuhe	557,5		+ 46,1
13	Importe	20 854,3		+ 57,2
14	Rohstoffe	1 330,7		+ 18,4
15	Erze	580,8		+ 17,8
16	Brennstoffe, Energie	18 661,4		+ 63,8
17	Erdöl und -erzeugnisse	7 497,0		+ 50,3
18	Erdgas	10 997,1		+ 94,5
4	Erzeugnisse der chemi- schen Industrie	277,0		+ 12,1
5	Halbfertigerzeugnisse	325,3		+ 35,3
6	Eisen und Stahl	150,8		+ 15,3
8	Maschinen und Anlagen	155,5		+ 15,8
10	Metallbearbeitungs- maschinen	37,3		+ 62,4
19	Straßenfahrzeuge	78,5		- 9,0
11	sonstige Fertigwaren	27,6		- 2,0

Key: 1--Millions of Austrian Schillings; 2--Change compared to 1980, %; 3--Foodstuffs; 4--Chemical industry products; 5--Semifinished products; 6--Iron and steel; 7--Nonferrous metals; 8--Machinery and plants; 9--Processing goods; 10--Metal-working machines; 11--Miscellaneous finished goods; 12--Shoes; 13--Imports; 14--Raw materials; 15--Ores; 16--Fuels, energy; 17--Petroleum and petroleum products; 18--Natural gas; 19--Road vehicles.

There was also an increase in the transit volume of Austrian and Soviet goods via rail across the territory of both countries. The freight and loading volume on the Danube increased, just as did freight transportation on the continent. The mixed Soviet-Austrian shipping company called Asotra was founded already in 1976.

A considerable upswing was to be observed also recently in cooperation on third markets.

In 1981-1982, there was an increase in the participation of Austrian firms in equipment deliveries and services for projects which were erected in other countries with technical assistance from the USSR. For example, contracts were signed on shipments of equipment for the paper and cellulose combines at Paskov in Czechoslovakia as well as Silistra and Kostinets in Bulgaria.

Production cooperation is to play an important role in the future. Main points here will include joint production and sales of rail welding machines, joint

undertakings and testing dealing with the production of auto tires and shoe soles made of polyurethane, joint production of conveyor and mine shaft equipment, production and joint sales of machine tool equipment and cooperation in the area of standardization of structural components for Austrian and Soviet machinery for paper production and equipment for agriculture and forestry.

Conversations dealing with cooperation on third markets which, on the Soviet side, among other things, were conducted by Tyashpromeksport, Atomenergoeksport, Tsvetmetpromeksport, and Tekhnopromeksport, and on the Austrian side by the enterprises VOEST-Alpine, Andritz, Voith, VEW [United Electricity Works], and Elin-Union, produced possibilities of cooperation in the construction of a smelter plant, a nuclear power plant, and district gas pipelines in Libya, asbestos and cement products factories for Burma and Indonesia, a hydroelectric power plant in Argentina, as well as numerous other projects.

#### Austria Participating in Major Czechoslovak Investment Projects

In December 1981, a new long-term trade agreement was signed between Czechoslovakia and Austria, which replaces the previously valid agreement dating back to 1972, during whose period of effectiveness bilateral trade was increased 3.5 times. In 1982, Czechoslovakia became Austria's second-biggest economic partner, among the CEMA countries, in terms of foreign trade sales, right after the USSR and the Hungarian People's Republic.

During a conference held by the Mixed Czechoslovak-Austrian Commission last year which discussed bilateral economic relations, it was pointed out that the hitherto highest sales volume in the history of economic relations had been reached.

Another conference subject was the status of economic and especially industrial cooperation. Positive experiences are already available regarding cooperation on third markets, for example, during the construction of the Abu Dhabi power plant by a consortium of the enterprises VOEST-Alpine and Skodaexport. Both sides see great possibilities for the in-depth development of reciprocal trade relations in the new forms of economic cooperation, above all in cooperation in industry and on third markets.

Looking at traditional foreign trade, Austria supplies machinery and plants for numerous economy branches in Czechoslovakia, especially machine-building, metallurgy, wood processing and the food industry. Here, deliveries of machinery and plants are frequently intended for investment projects. The most important among these projects include the ethylene unit at the Litvinov Chemical Plant which was supplied by VOEST-Alpine.

Another important delivery contract--construction of the Paskov Cellulose and Paper Combine in Czechoslovakia--was signed with the Andritz AG Machine Plant in Graz.

Czechoslovakia in turn supplies Austria above all with solid fuels on the basis of long-term contracts with VOEST-Alpine AG. In addition, Austria gets from Czechoslovakia mineral raw materials, metals, chemical industry products, lumber, machinery for metal-working, rail vehicles, electrical machines and apparatus, as well as precision mechanics and optics products.

## Numerous Production Cooperation Contracts between Austria and the Hungarian People's Republic

In 1982, Austria, among the capitalist industrial countries, was Hungary's second-most-important production cooperation partner, after the FRG. Looking at Austrian exports to the socialist countries, Hungary in 1982 held second place after the USSR whereas it held third place in Austria's imports after the USSR and Czechoslovakia.

Last year there were 120 production cooperation contracts on the company level between both countries, another 35 projects were in the negotiation stage, while 44 percent of the contracts signed were in the fields of machine-building, electrotechnology, and motor vehicle construction. The majority of the remaining contracts was signed in the fields of the chemical and pharmaceutical industry, the light industry, the construction industry, as well as agriculture and forestry. More than half of the contracts signed involve small and medium enterprises.

The Mixed Austrian-Hungarian Commission for Commodity Transactions and for Economic, Industrial, and Technical Cooperation and its further development express great interest in new cooperation projects (for example, in the manufacture of electrotechnical instruments, pest control agents, mining equipment, and textiles).

Major projects above all involve the following:

Joint utilization of brown coal deposits in the border region;

Cooperation in the investment program for Hungary's tourist infrastructure;

Further cooperation in the energy sector, particularly in the field of electrical energy exchange;

Cooperation in the chemical, pharmaceutical, and plastics industries, in the alumina and aluminum industry, as well as the field of telecommunications engineering.

Moreover, cooperation on third markets is to be stepped up considerably. Energy transmission systems, power plant construction, water-economy and agricultural projects as well as undertakings in the field of the food industry are under discussion here.

## Interest in Cooperation on Third Markets with the Polish People's Republic

According to preliminary projects, there was another drop in bilateral foreign trade between Austria and the Polish People's Republic after it had already declined in 1981 compared to the year before that. Nevertheless, Austrian purchases in the Polish People's Republic--along with a simultaneous decline in exports--last year increased to such an extent that Austria wound up in the red in reciprocal trade.

The conference of the Mixed Austrian-Polish Commission for Economic, Industrial, and Scientific-Technological Cooperation among other things underscored the significance of shipments of Polish hard coal for Austria. Interest in cooperation on third markets was also stressed.

#### Increasing Procurement of Machinery and Finished Products from the Romanian Socialist Republic

In 1982, Austrian exports to the Romanian Socialist Republic once again declined after they had already dropped in 1981. At the same time, Austria's active balance once again shrank during the preceding year.

Looking at Austrian exports to Romania, shipments of food in 1982 again rose by 23 percent to a figure of 216 million OeS. Of that amount, 187 million OeS (up 131 percent) were taken up by sugar. Raw material exports went up by about 60 percent to a figure of 175 million OeS. On the other hand, chemical products exports dropped by 5.7 percent down to 265 million OeS and semifinished goods exports declined by 9.4 percent to 1.25 billion OeS. The main portion in the last-mentioned commodity category was taken up by iron and steel with about 800 million OeS. Machinery exports decreased by 37 percent 329 million OeS and miscellaneous finished products exports went down by about one-fourth to a figure of 46 million OeS.

Looking at imports from Romania, food imports plunged 20 percent down to 225 million OeS. That figure includes 158 million OeS (down 7.7 percent) for fruit and vegetables. Raw materials imports rose by 12.6 percent to 285 million OeS and petroleum product purchases shot up by around 75 percent to a figure of 508 million OeS. Imports of semifinished goods declined by 19 percent to 151 million OeS. That included 70 million OeS for iron and steel and 32 million OeS for textiles.

Machinery imports went up 31.8 percent to 62 million OeS and finished goods exports in 1981 rose by 22.1 percent to a figure of 179 million OeS. That included 71 million OeS (up 5.3 percent) for furniture.

#### Bulgarian People's Republic's Efforts to Increase Exports to Austria

Since Austria's active balance in bilateral trade with the Bulgarian People's Republic had grown steadily since 1972 and came to around 1.5 billion OeS in 1982, stepped-up export attempts are required on the part of the Bulgarian People's Republic regarding shipments to Austria, something which was also observed by the Mixed Bulgarian-Austrian Commission for Economic, Industrial, and Technical Cooperation.

Among Austrian exports to Bulgaria in 1981, amounting to 1.9 billion OeS, 540 million OeS went for exports of machinery which increased by 27.6 percent compared to 1980. During the same time, finished goods exports rose 37.7 percent to 84 million OeS. Semifinished goods exports came to around 1 billion OeS. That includes 403 million OeS (up 70 percent) for iron and steel alone.

Bulgaria in turn in 1981 exported 242 million OeS worth--in other words, about one-third of its total exports to Austria--of foodstuffs, primarily fruit and

vegetables. Considerable increase rates were recorded for semifinished products (up 60 percent to 190 million OeS) as well as machinery (up 38 percent to 31 million OeS). Shipments of Bulgarian raw materials to Austria in 1981 amounted to 98 million OeS and roughly doubled.

Regarding Bulgarian-Austrian cooperation, the above-mentioned Mixed Commission observed considerable progress in the fields of metallurgy, the chemical industry, as well as the electrotechnical-electronic industry.

(This article is among other things based on data taken from "Handbuch des oesterreichischen Osthandels.")

#### Austria's Foreign Trade with Czechoslovakia

	Export in Mill. ÖS	Import	Saldo
1			2
1977	3 518,7	3 280,8	+ 237,9
1978	3 204,6	3 518,8	- 313,9
1979	2 888,0	4 283,7	-1 395,7
1980	3 061,3	5 846,6	-2 785,3
1981	3 272,6	6 292,7	-3 020,1
1982	4 190,0	7 282,0	-3 092,0

Key: 1--Exports in millions of Austrian Schillings; 2--Balance.

#### Austria's Foreign Trade with Czechoslovakia by Selected Commodity Categories

	1	1980 in Mill. Kčs	1981
<b>Export</b>		<b>2 423,8</b>	<b>2 543,6</b>
2 Rohstoffe (ohne mineralische Brennstoffe)		77,7	66,6
3 mineralische Brennstoffe		80,6	161,6
4 Erzeugnisse der chemischen Industrie		586,8	597,6
5 Halbfertigerzeugnisse		327,6	335,7
6 Maschinen und Fahrzeuge		1 079,3	1 154,6
7 Plaste, Kunstharze		100,9	80,6
8 Holzbearbeitungsmaschinen		156,6	161,9
9 Maschinen für die Papiererzeugung		28,7	266,7
10 Bekleidung		72,7	63,6
<b>Import</b>		<b>2 628,3</b>	<b>2 586,1</b>
11 Nahrungsmittel		136,3	109,5
2 Rohstoffe (ohne mineralische Brennstoffe)		721,7	760,2
3 mineralische Brennstoffe		1 007,2	961,5
4 Erzeugnisse der chemischen Industrie		227,6	228,2
5 Halbfertigerzeugnisse		311,6	301,3
6 Maschinen und Fahrzeuge		107,5	105,8

Quelle: Statistik der CSSR

Key: 1--In millions of Czech crowns; 2--Raw materials (excluding mineral fuels); 3--Mineral fuels; 4--Chemical industry products; 5--Semifinished products; 6--Machinery and vehicles; 7--Plastics and artificial resins; 8--Wood-working machines; 9--Machines for paper production; 10--Clothing; 11--Foodstuffs;  
Source: Statistics of Czechoslovakia.

Austria's Foreign Trade with the Hungarian People's Republic

	1 Export in Mill. ÖS	Import	2 Saldo
1977	4 980,7	3 296,1	+1 684,6
1978	5 428,3	2 650,0	+2 778,3
1979	4 715,4	3 201,4	+1 514,0
1980	4 930,1	4 357,4	+ 572,7
1981	6 688,7	5 035,9	+1 652,8
1982	6 427,9	4 754,5	+1 673,4

Key: 1--Exports in millions of Austrian Schillings; 2--Balance.

Austria's Foreign Trade with the Hungarian People's Republic by Selected Commodity Categories

	1981	1 Veränderung gegenüber 1980 in %
	2 in Mill. ÖS	
Export		
3 Halbfertigerzeugnisse	2 700	+ 35,0
4 Erzeugnisse der chemischen Industrie	1 300	+ 12,0
5 Maschinen und Ausrüstungen	1 700	+ 63,8
6 Rohstoffe	354	- 7,6
Import		
6 Rohstoffe	1 100	+ 2,8
7 Energieträger, Erdölprodukte	1 200	+ 11,3
8 Nahrungsmittel	776	+ 7,9
4 Erzeugnisse der chemischen Industrie	475	+ 21,5
Halbfertigerzeugnisse	760	+ 11,0
9 Eisen und Stahl	244	+ 20,0
10 Maschinen	182	- 6,0
11 sonstige Fertigwaren	140	+ 13,0

Key: 1--Change compared to 1980, %; 2--Millions of Austrian Schillings; 3--Semifinished products; 4--Chemical industry products; 5--Machinery and Equipment; 6--Raw materials; 7--Energy sources, petroleum products; 8--Foodstuffs; 9--Iron and steel; 10--Machinery; 11--Miscellaneous finished goods.

Austria's Trade with the Polish People's Republic

	Export 1 in Mill. ÖS	Import	2 Saldo
1977	5 885,1	2 441,9	+3 443,2
1978	5 377,4	2 172,5	+3 204,9
1979	5 806,6	2 696,8	+3 109,8
1980	6 054,2	3 105,3	+2 948,9
1981	3 514,7	2 602,8	+ 911,9
1982	2 270,0	3 200,3	- 330,3

Key: 1--Exports in millions of Austrian Schillings; 2--Balance.

Austria's Foreign Trade with the Romanian Socialist Republic

	export 1 in Mill. ÖS	Import	2 Saldo
1977	1 879,1	1 191,6	+ 687,5
1978	2 120,7	1 176,9	+ 943,8
1979	2 867,7	1 135,7	+1 732,0
1980	2 548,7	1 372,5	+1 176,2
1981	2 299,3	1 674,7	+ 624,6
1982	1 665,0	1 293,7	+ 371,3

Key: 1--Exports in millions of Austrian Schillings; 2--Balance.

## Austria's Foreign Trade with the Bulgarian People's Republic

	Export 1 in Mill. Os	Import	Saldo 2
1977	814,3	595,3	+ 219,0
1978	901,4	530,2	+ 371,2
1979	1 267,2	535,8	+ 731,4
1980	1 524,1	593,9	+ 930,2
1981	1 891,3	712,2	+1 179,1
1982	2 090,4	573,5	+1 516,9

Key: 1--Exports in millions of Austrian Schillings; 2--Balance.

### Continued High Austrian Export Surplus in Trade with Yugoslav SFR

In 1982, Austria's exports to the Yugoslav SFR increased by 2.6 percent to 7.8 billion OeS. At the same time, imports from that country rose by 12.9 percent to a figure of 2.9 billion OeS. That reduced Austria's export surplus in trade with the SFRJ [Yugoslav Socialist Federated Republic] although it continued to remain on a high level with 4.8 billion OeS. The SFRJ share in Austrian exports declined from 3.6 percent in 1981 to 2.9 percent in 1982. This means that the SFRJ, after the USSR (1982 share: 3.5 percent) shows the highest share out of Austria's exports to the socialist countries. Looking at Austria's total imports, the share of the SFRJ rose from 0.8 percent in 1981 to 0.9 percent in 1982.

In 1981, in Austria's total exports to the SFRJ, amounting to about 7.6 billion OeS, about 2.5 billion OeS were taken up by semifinished products. Within this commodity category, iron and steel were in the lead with 1.3 billion OeS, followed by hardware with 0.3 billion OeS and paper and paper products with 0.2 billion OeS.

Exports of machinery to the SFRJ came to 1.7 billion OeS and exports of miscellaneous finished goods amounted to 0.3 billion OeS. Raw material exports showed a value of 1.4 billion OeS.

The above-mentioned commodity structure was similar also during the first half of 1982. On top of that there were Austrian exports of cereal crops amounting to almost 0.5 billion OeS. Austria's main export items continue to include "processed commodities," machinery and transportation equipment, raw materials and chemical products. In addition, the export of knowhow for industrial projects plays an ever greater role in reciprocal trade relations. For example, Austrian experts cooperated in the construction of a ferrosilicon plant, a coal drying plant, a noble metal rolling mill, as well as the Belisce cellulose combine.

Austria's imports from the SFRJ in 1981 went down by about 50 million to a figure of 2.5 billion OeS. Important import items here were foodstuffs with 295 million OeS, raw materials with 287 million OeS, energy sources with 538 million OeS, chemical products with 140 million OeS, semifinished products with 657 million OeS, machinery with 290 million OeS, and miscellaneous finished goods with 254 million OeS.

## Austria's Foreign Trade with the PRC Shows Major Fluctuations

Austria's foreign trade with the PRC over the past 10 years revealed constant major fluctuations in terms of volume. In 1982, Austrian exports to the PRC went up by 29.7 percent to a figure of 951.5 million OeS, with a simultaneous import decline of 26.7 percent down to 498.8 million OeS. Since 1973, Austria has always shown an active balance in bilateral trade, except for the years 1974 and 1976. The PRC share in Austrian exports in 1982 came to 0.4 percent and in imports it was 0.2 percent.

Austrian exports to the PRC were concentrated in the past on iron and steel, machinery, regenerated cellulose, and artificial fertilizer.

Imports from the PRC essentially consisted of ores and scrap, animal and vegetable raw materials, textiles, and miscellaneous foodstuffs.

## Rising Trend in Austrian Foreign Trade with the Albanian Socialist People's Republic

Austria's foreign trade with the Albanian SVR [Socialist People's Republic] in recent years showed a rising trend. In 1982, Austrian exports to Albania went up 8.8 percent and imports from there skyrocketed by 118.8 percent. At the same time, Austria showed an import surplus amounting to 62 million OeS.

Important Austrian export items going to Albania in recent years included breeding animals, dyes, lacquers, steel, drilling equipment, and chemical industry products. Moreover, List B in the trade and payment agreement signed by both countries for 1980-1984 among things included the following Austrian export items going to Albania: Medications, insecticides, polyester yarn; acrylic yarn; miscellaneous types of paper, pipe, rails and railroad equipment, cables, measurement and control instruments, leather goods, sporting goods, cameras and projectors, as well as special glass.

Austria's more important import items coming from Albania among other things include various textile products, nickel and iron ore, as well as medicinal plants. List A (Albania's exports to Austria) furthermore mentions chrome ore, chrome-ore concentrate, pyrite ores, marble slabs, copper wire and cables, miscellaneous essential and nonessential foods (tomato paste, dried vegetables, spirits, canned fish) as well as ready-made clothing.

## Ores and Foodstuffs Dominate Austrian Imports from the Republic of Cuba

Austrian exports to the Republic of Cuba in the middle of the 1970's (1975, 531.8 million OeS, 1976, 361.3 million OeS) attained a volume which was never again reached during the following years until 1982. In 1982, Austrian exports to Cuba declined by 18.3 percent down to 107.6 million OeS after they had risen by 16.2 percent the year before. The opposite trend was observed in imports from Cuba. While Austrian imports in 1982 increased by 37.5 percent to 66.6 million OeS, they dropped by 28.3 percent in 1981.

Austrian exports to Cuba essentially are concentrated on machinery and transportation equipment, paper and cardboard, as well as semifinished goods and dairy products. In the past, Austria has also been participating in shipments for complete industrial plants (for example, fodder yeast factories, alcohol combine, sprinkler system factory).

The Republic of Cuba in turn exported to Austria above all ores and metals as well as various essential and nonessential foods (sugar, honey, beverages, tobacco products, etc.).

#### Korea Gets Mostly Machinery and Chemical Industry Products from Austria

Austria's exports to the KDVR [Korean Democratic People's Republic] in 1982 dropped by 63.1 percent down to 103.3 million OeS, after they had gone up 344.5 percent in 1981. Purchases from the KDVR continued to lag heavily behind exports. Although 1982 brought a 100-percent increase in Austrian imports from the KDVR, the value of 7.4 million OeS attained here is small. In 1981, procurements from the KDVR dropped by 52 percent. Austrian exports to the KDVR were concentrated in recent years primarily on machinery and equipment as well as chemical industry products. Hardware was exported to the KDVR only in a small volume. Austria's imports consisted mostly of raw materials but chemical products were also imported from the KDVR.

#### Skins and Hides--Austria's Main Import Item from the Mongolian People's Republic

In 1963 already, Austria signed a trade and payment agreement with the Mongolian People's Republic. Nevertheless, bilateral trade remained small until 1979. In recent years there has been a definite increase in exports (1982, up 28.3 percent). On the other hand, there was a severe decline in imports from the MRV [Mongolian People's Republic] during the preceding year, amounting to 82 percent.

Austrian exports going to the MRV in recent years featured mostly semifinished products. But foodstuffs and chemical industry products were also exported.

Austria's imports from the MRV in 1981 consisted exclusively of raw materials. In Austria's total imports from the MRV in 1981, amounting to 5 million OeS, 4.1 million OeS alone consisted of skins and hides. However, Austrian skin and hide purchases dropped considerably in 1982.

#### Coffee, Tea, and Cocoa Imports Predominate in Exports from the Socialist Republic of Vietnam to Austria

The foreign trade volume between both countries declined in recent years. In 1982, for example, Austria's exports to the Vietnamese Socialist Republic plunged by 86 percent. At the same time, imports from there went up by 43.7 percent. This enabled the Vietnamese Socialist Republic for the first time since 1977 to show an active balance in trade with Austria.

Machinery and other finished goods are the dominant items in exports going to the SRV [Vietnamese Socialist Republic] which, in turn, above all exports coffee, tea, and cocoa to Austria.

Austria's Foreign Trade with the SFRJ

	1	Export in Mill. OS	Import	2	Saldo
1977		5985,1	1783,3		+ 7,8
1978		6139,6	1630,7		+4508,9
1979		8195,2	2178,4		+6016,8
1980		7369,6	2566,9		+4802,7
1981		7585,2	2516,0		+5069,2
1982		7781,4	2940,3		+4841,1

Key: 1--Exports in millions of Austrian Schillings; 2--Balance.

Austria's Foreign Trade with the PRC

	1	Export in Mill. OS	Import	2	Saldo
1977		482,6	256,0		+ 79,8
1978		793,3	413,6		+379,1
1979		1023,4	416,3		+607,1
1980		1114,2	427,0		+687,2
1981		733,4	680,9		+ 52,5
1982		951,5	498,8		+452,7

Key: 1--Exports in millions of Austrian Schillings; 2--Balance.

Austria's Foreign Trade with the Albanian SVR

	1	Export in Mill. OS	Import	2	Saldo
1977		42,4	91,8		+ 2,2
1978		38,5	101,1		-62,6
1979		57,8	68,6		-10,8
1980		87,4	86,9		+ 0,5
1981		105,8	81,0		+24,8
1982		115,1	177,2		-62,1

Key: 1--Exports in millions of Austrian Schillings; 2--Balance.

Austria's Foreign Trade with the Republic of Cuba

	1	Export in Mill. OS	Import	2	Saldo
1977		147,6	83,3		-59,1
1978		84,7	48,0		+36,7
1979		76,2	69,9		+ 6,3
1980		113,3	67,6		+45,7
1981		131,6	48,5		+83,7
1982		107,6	66,7		+40,9

Key: 1--Exports in millions of Austrian Schillings; 2--Balance.

Austria's Foreign Trade with the KDVR

	1	Export in Mill. OS	Import	2	Saldo
1977		28,1	6,1		- 89,0
1978		51,9	34,6		+ 17,9
1979		86,3	16,4		+ 69,9
1980		62,9	7,7		+ 55,2
1981		279,6	3,7		+275,9
1982		103,3	7,4		+ 95,9

Key: 1--Exports in millions of Austrian Schillings; 2--Balance

Austria's Foreign Trade with the Mongolian People's Republic

	Export in Mill. US	Import	Saldo
1977	16,9	0,2	+16,7
1978	14,5	1,6	+12,9
1979	14,2	-	+14,2
1980	22,1	0,3	+21,8
1981	36,8	5,0	+31,8
1982	47,2	0,9	+46,3

Key: 1--Exports in millions of Austrian Schillings; 2--Balance.

Austria's Foreign Trade with the Vietnamese Socialist Republic

	Export in Mill. US	Import	Saldo
1979	287,7	5,0	+282,7
1980	53,3	3,0	+ 50,3
1981	20,3	8,0	+ 12,3
1982	2,8	11,5	- 8,7

Key: 1--Exports in millions of Austrian Schillings; 2--Balance.

5058

CSO: 3620/368

## STOLERU SUGGESTS INDUSTRIAL POLICY BASED ON COMPANIES

Paris LE MONDE in French 26, 27 Apr 83

/Series of articles by Lionel Stoleru, former secretary of state, author of "L'Imperatif Industriel" /The Industrial Imperative/, published by Seuil, 1969: "The New Industrial Imperative"/

[26 Apr 83, p 44]

/Text/ Without Chains or Peaks

If there is one respect in which it is impossible to accuse the socialists of being unprepared for power, it is certainly that of industry policy. Conscious of the fundamental importance of the collective ownership of the means of production in the Marxist model, the socialists devoted more than 20 years to the definition of their doctrine, set up a list of nationalizations 10 years before the achievement of power and precisely defined their industrial policy in numerous conferences and writings. In view of these circumstances, why did they need to change their minister of industry and their industrial policy 3 times in 2 years?

After the 1969 publication of "The Industrial Imperative" I have had the good fortune to be associated with Giscard d'Estain from 1969-1974, the first great age of reconciliation between France and its industry: The age of Georges Pompidou. I was therefore able to judge the complexity of data, the dimension of the interests involved and the courage needed: It needed courage to say "no" to Westinghouse and the Empain group regarding the transfer of Jeumont-Schneider almost 15 years ago: But without that courage we would not have had our present competitive nuclear industry.

When the socialist government took power, it wished to oppose a new conception of industrial "chains" to an alleged earlier conception of "peaks." This jargon conceals a simple idea: Earlier governments were supposed to have attempted here and there to seize small peaks of the world market for certain products, leaving empty tremendous gaps for our competitors to surge in; that was to have caused our present problems and the need to plug these gaps by integrated chains covering the production of a sector from beginning to end.

This oversimplified description is wrong. The industrial policy of the past 15 years has not been a policy of peaks alone. Several major chains were also established or reinforced.

The oil chain, conceived in 1928 and steadily reinforced, allowed France to tackle the oil crisis with two firms, Elf and CFP [French Petroleum Company], both integrated from extraction to refinery.

The nuclear chain was established by Georges Pompidou, based on the technological groundwork initiated by General de Gaulle. However, in order to advance it to the industrial stage, the French graphite-gas chain was abandoned in exchange for the transfer to France of the American technology of pressurized water reactors and boiling water reactors by way of their French licensees Jeumont-Schneider and CGE [General Electric Company]. Subsequently this industrial chain was patiently completed from uranium mines to nuclear power plants, including the production of enriched uranium.

The space chain, initiated in 1970, tried completely to satisfy one of the markets of the future: Communication satellites to be sent into orbit.

The fact that the electronic chain was not fully put in place was not due to negligence but to a deliberate choice of the civilian electronic plan: To leave simple components to the Third World and Singapore, and to try (unfortunately without much success) to establish a strong position with regard to high technology circuits and components.

Let us therefore abandon this doctrinal debate and arrive at a concrete evaluation of the merits of each of the two strategies--peaks and chains.

#### On the Utility of the Hard Core

With regard to the peaks, a remarkable study<sup>(1)</sup> by Paribas is highly instructive. A register was compiled for five countries, the United States, Japan, Germany, Britain and France, listing the "poles," that is the best performing specialties of each country, those that, beyond all vicissitudes of the crisis, provide the country concerned with lasting and major surplus exports. The dimension of the foreign exchange surplus was then calculated for the five most outstanding poles of each country. The result is striking:

-- 43 percent of Japan's trade surplus (as a percentage of trade exchanges) are derived from its five major peaks: Steel, cars, tape and video recorders, electronics and industrial capital equipment;

-- 16 percent of the German surplus are earned by cars, specialized machines, capital equipment, steel and industrial metal goods;

-- 12 percent of the U.S. surplus come from aircraft, computers, specialized machines, motors and insecticides;

-- 7 percent of the French surplus are generated by transportation materiel (aircraft, cars, railroad), agricultural (food) produce, steel, perfumes and tires;

-- 6 percent of the British surplus derives from specialized machines, motors, capital equipment, pharmaceuticals and chemicals.

This teaches us a major lesson: A great industrial country must have a hard core of industrial specialties that dominate on the world market and allow it to draw up its wagons around the old guard in hard times and international turmoil. We in France need to build up some of these peaks and assure them of lasting international power. In the immediate future we must assign top priority to the reinforcement of our strongest peaks: Agricultural (food) produce and transportation materiel. BSN /expansion unknown/, Renault and Peugeot, Dassault and SNIAS /expansion unknown/ (as well as luxury industries) are the vital poles for the development of our country.

### The Holes of the Sieve

As for the chains, the latest study by INSEE /National Institute of Statistics and Economic Studies/<sup>(2)</sup> records 19 integrated chains.

First of all we note that there is really no conflict between chains and peaks, quite the contrary. It is to some extent just because Renault and Peugeot are strong that Michelin, auto accessories and road transport have been able to advance. Air France might have developed without SNIAS and Dassault, but the two certainly encouraged one another, just as did the SNCF /French National Railroads/ and our rail industry.

On top of this evidence, the real issue is that of knowing where we must fight, to distinguish between the campaigns we might win and those that are lost before we even begin.

An integrated textile chain from white cotton T-shirts to the ready-to-wear of the great couture houses would be total madness. Let us leave to the Third World the goods it makes better than we, and that would not be defeatism but, on the contrary, a useful contribution to North-South understanding. On the other hand it is surely inappropriate for the lumber of the Vosges forests to be exported to Germany only to return to us in the guise of furniture--to us who designed and made the most beautiful furniture in the world for many centuries. Yet even in this wood chain that needs to be more integrated, we should not necessarily seek to plug all the holes: Nothing says that we could, even with all our forest wealth, manufacture paper pulp and be competitive with the product issuing from the immense Scandinavian or Canadian forests.

A Chinese proverb says: "We must not accuse a sieve of having holes." Let us with equal lucidity distinguish between the inevitable holes in industry and those that should be stopped up.

While there are grains of truth in both approaches, it would be a mistake to build them into a system. The industrial strategy of Jean-Pierre Chevenement should therefore be buried without flowers or wreaths, without chains or peaks. To be replaced by what? In the context of the present industrial distress, the answer is simple: By a policy based on companies that, at the most decentralized level possible, will endeavor beyond sectional analyses to stimulate, revitalize and regenerate the entirety of our fabric of industrial companies, whether small, medium or large. This is not the time for sophisticated selections, it is the time to fight for survival: That is the new industrial imperative.

#### FOOTNOTES

- (1) CONJONCTURE No 11, December 1982.
- (2) INSEE, "The Chains of Production," ARCHIVES ET DOCUMENTS, February 1983.

[27 Apr 83 p 42]

/Text/ An industrial policy cannot be prepared in the abstract. M Motchane of CERES /Center for (Socialist) Studies, Research and Education/ has said that "industrial policy must not be the policy of the industrialists": We have seen the result of an industrial policy conducted without the cooperation of industrialists and disregarding the realities. The realities of 1983 are the external deficit urgently to be made up, and the nationalizations that are a fact even if we do not like it. Based on these commonsense observations, four simple guidelines for present industrial policies are indicated.

The nationalized sector must be restructured in accordance with a group policy.

The state owns an immense banking and industrial conglomerate. It should not interfere with the daily management of each enterprise but arbitrate among them just as a corporate group arbitrates among its subsidiaries. It was wrong to nationalize but, from the time it was done, it was an even worse mistake for the government to constantly repeat that it would not "play Meccano" with the national companies.

The state was quite right to detach data processing from Saint-Gobain and concentrate it CII. It was right to cut chemicals out from Pechiney and divided it up between Elf, Rhone-Poulenc and the French Coal Company-Chemicals. It was quite wrong, though, to do all that in secret and without a clearly stated design.

All those who have watched the war between CGE and Thomson for the past 20 years, those who have witnessed the Yalta between Paul Richard (Thomson) and Ambroise Roux (CGE) know very well that these two firms cannot coexist as they are: The state, sole stockholder, must restructure both these firms; this is to say not merge them but say who will do what, or--to put it even more bluntly--settle the matter of the telephone industry. The deplorable delays before we know whether the CGCT /expansion unknown/, purchased from International Telephone and Telegraph, should go to one or the other, are evidence of the total absence of any government industrial strategy and are paralyzing the two firms.

On the same principle, Elf should know for sure whether it is authorized to diversify, in what sector and country. Finally, all of the nationalized sector must have imposed on it (and I mean imposed) fixed amount projects of multinational establishment outside France, because we all know that a group does well in exports only if it is also operating outside the country. Planned economy? No: To issue orders to one's own does not equate with a planned economy. And as these choices are of vital interest to France, the state may not entrust them to just any office chief: A small group of corporate managers who have done well in the private and public sector ought to be given the power to decide on restructuring the national industrial group. At the time R. Gandois resigned from Rhone-Poulenc, J.P. Chevenement thought it his duty to proclaim that "the republic needs motivated servants." Not

so, in its nationalized industrial sector the republic needs able heads of companies, not motivated servants.

For a group of capable industrialists to restructure the nationalized sector--that is the first immediate objective. The future will show whether it will later be necessary to reprivatize some of these companies: In the meantime it is imperative for them to be healthy and strong.

#### Draw the French from the Rear to the Front

The priority in 1983 industrial policy is social, not economic. This will surprise only those who ignore that nowadays only 5 million of our 22 million workers are employed at the front, in the sector largely exposed to international competition, and that the 17 million others have already been withdrawn to the rear. No industrial country can survive in this kind of structure--"France at two speeds." The reason is obvious: France is the only developed country where the dry bread is at the front and the cake in the rear; in other words where all the drawbacks (unemployment and low wages) are heaped on industry and all the advantages are somewhere else. This absurd situation was denounced even before the crisis, notably by Bernard Esambert.\* It is crucial to massively transfer the benefits of the rear to the front, something that had begun as a result of the reassertion of manual labor, so as to attract the French to industry. It is in competitive industry that we need very quickly to reduce taxes by about 30 percent, while at the same time raising wages and profits. The lack of revenues must of course be recouped by reducing the state's lifestyle. If necessary at all, the value-added tax should not be raised but taxes transferred to those sectors that are not exposed to international competition.

#### For Industrial Deregulation

Let us take the case of the car industry: The solution to its present disarray is not to transform its social charges into value-added tax; it is already at the luxury surtax rate of 33 percent, and that does not exactly help. The solution is a reduction in the social charges, even if that would mean making the protected sectors such as automobile insurance pay more: People may buy a Toyota but cannot insure it in Japan; they are definitely obligated to insure it in France.

Still, this transfer of charges would be a mere useless phase unless accompanied by the reassertion of the social value of industrial labor: Higher wages and better qualifications.

As long as we are unable to direct the best of our young people to industry, we will not achieve anything. Let us remember, therefore, that, in the motivation of most young people, an interesting job now ranks higher than salary. This means that the individual's involvement in the job is part of the vital requirements for our industrial revival. And since our former majority was unable to institutionalize such a framework by the Sudreau reform, it is necessary for this matter to become part of the Auroux law on the subject, avoiding the stumbling block of the paid labor union

---

\* B. Esambert, "Here Is the Industrial Strategy of France," LES INFORMATIONS, 18 October 1971.

hour. No rearguard action must allow anyone to say to a youth now, at the end of the 20th Century: "Work and shut up." It is by this social advance that we will get the economic advance, not the other way round. Contracts with the labor unions must be the chief propellant.

Hell is paved with good intentions, and so is industrial collapse. French industry suffers from an excess rather than a lack of assistance, and the director general spends his time in paperwork, preferably with 28 copies, and in the ministries-- though he would be better off spending it in pursuit of marketing his products. Of course we need ground rules, but they should be few and simple, nor should they be changed each week. The rules must include notably the total freedom of prices and wages, the abolition of credit controls, the freedom to discharge coupled with equitable guarantees linked to seniority, the freedom to invest in France and abroad.

The indispensable aid to research, innovation and exports that exists in all countries must be regrouped, simplified and offer automatic access to all. That is particularly important for the PME's [small and medium firms] that cannot afford to have someone in charge of relations with the authorities: At the present time only the PME's create employment, and they deserve our active and whole-hearted support. Let us applaud those who like to take a risk, have the courage to establish a company: It must be possible to set up a small new firm in 2 days, not 6 months, and it must be exempted from taxes and red tape for the first 2 or 3 years.

Yes to Europe

When Thomson was forbidden from purchasing Grundig but given the "green light" to buy Telefunken, it was said that the latter buy amounted to just about the same, the difference being only the size. That is wrong: Grundig meant Europe with Philips, while Telefunken is Japan with JVC [expansion unknown]. It is a great pity, although it was not Thomson's fault that once again the necessary international cooperation proceeds outside Europe (remember the efforts of CII to find European partners before teaming up with Honeywell). European cooperation in the Airbus is an exception to what has almost become the rule.

Governments should not control this field, because it is up to the companies to decide about their partners. However, governments must create a climate of European cooperation and confidence that would quite naturally encourage European alliances. Let us not look at each other with mistrust or suspicion; let us not hurl accusations of arrogance, let us not be nationalists at a time when our market is the European market, and let us tirelessly seek to cooperate. In this worldwide game, where the world economic center moved from the Mediterranean to the Atlantic and then to the Pacific, let us acknowledge that we now only exist thanks to the European dimension, and let us advance on this path with enthusiasm rather than grudgingly.

Please permit me to conclude by saying that these priorities of 1983 industrial policy are neither of the right nor of the left. They are essential to all of us, because real life also is neither of the right nor of the left. Besides, these orientations do not seem to me to clash with either socialist teaching nor the aspirations of trade unions or employers. Am I really a naive dreamer when I imagine that

the National Days of Industry planned by J.-P. Chevènement for June 1983 could be transformed from a socialist high mass without much interest into a genuine pluralist debate allowing expression to all opinions? Companies do not need a minister who knows all the answers; on the contrary, they need someone capable of studying the different points of view to arrive at the most acceptable synthesis.

If the business firm is considered the terrain of the class conflict, no industrial policy is needed--politics alone suffice. Real industrial policy begins from quite another premise: That the business company is the crucible where people of different education and ambitions are molded in the common pursuit of a unique adventure which, at that exact moment, becomes exhilarating.

11698

CSO: 3519/508

## ROLE OF INFLEXIBILITY, LACK OF NEW FIRMS IN INDUSTRIAL DECLINE

Paris L'USINE NOUVELLE in French 5 May 83 pp 85-87

[Article by Jacques Barraux: "Reconstructing Industry"]

[Excerpts] French industry is in a critical situation. Most of its performance indicators are going downhill and the demoralization of managers has become alarming (see Roger Priouret's editorial). Just as Laurent Fabius, new minister of industry and research, is announcing his first decisions, L'USINE NOUVELLE has initiated a major discussion on industrial policy. Each week businessmen, bankers and union members will make their diagnoses and suggest the paths to recovery.

As Laurent Fabius would like, a new discussion on business and industry will develop in the coming months. The time of simplistic futurology is over. It is no longer time to discourse on the robotized, electronically wired society of the 21st century; it is, however, time to return to a basic and mundane question: what can be done today to save both traditional sectors and sectors of the future that have been buffeted by 10 years of difficulties?

Many indications show that French industry seems incapable of holding its place.

1. Most large firms are paralyzed by serious financial situations even though their major foreign competitors cleaned up their accounts starting in 1982. Much has been said about the 20 percent decline in the net profit of the top 500 American firms. In fact, their health seems somewhat overbearing in the light of the figures of their French competitors.

Of the top 100 American firms, only 8 admitted to having losses last year (including Ford, US Steel, Bethlehem Steel, Caterpillar and International Harvester).

On the French side, however, the classification of the leaders is practically unchanged from one year to the next--the giants of 1983 are the same as those of 1973. And the addition of losses and debts limits their freedom of movement a little bit more every year.

All the leading public and private firms (except the CGE [French General Electric Company] and BSN-Gervais-Danone) are today held back by their internal problems. Renault lost 1.4 billion francs in 1982; Peugeot, 2.2 (actually double that with identical accounting methods); Michelin, 4; PUK [Pechiney-Ugine-Kuhlmann], 1.3; CII-Honeywell Bull and Creusot Loire, several hundred million. What has happened to the French multinationals?

General Motors' or IBM's extraordinary ability to adapt contrasts with the rigidity of the French giants. However, energetic improvement efforts were made at Schneider, Peugeot and PUK. Georges Pebereau at the CGE and Alain Gomez at Thomson are trying to become part of new international technological coalitions. The Philips-ATT alliance in the telephone field and the dismaying failure of the Thomson-Grundig partnership show how difficult the game is.

2. France sorely lacks average-size growth firms that will one day be likely to take over from the exhausted giants. Unlike West Germany and the United States, where the stock of average-size firms has never stopped growing, the national production tool is divided between a multitude of small businesses that are too young or too frail and a handful of aging giants that are too heavy.

#### A Manifestly Inadequate Industrial Birthrate

A solid network of average-size firms is the surest way to innovation and profit. In the United States, Apple did not exist in 1977; in 1982 it became one of the Fortune 500. Victor Technologies was founded in January 1981 and this micro-processing firm is already listed on Wall Street! There are no such prodigies in France. Not only is the industrial birthrate manifestly inadequate, but new firms remain too small to develop research departments and to project a definite strategy for expanding abroad.

Although throughout the world the "high tech" frenzy is stimulating innovative medium-size firms (small enough to adapt their strategies, large enough to have a research and development policy), France is discovering a bit late that its industrial fabric stopped being renewed during the golden age of high growth. The successes of Legrand, La Telemecanique, Bouygues and Moulinex are rooted in the fifties and sixties.

We must now go beyond dissertations on firms' financial burdens and debates on the virtues or pitfalls of nationalization and find out how to stop the decline in the productive infrastructure. This is the goal of L'USINE NOUVELLE just as a new minister of industry is getting ready to establish a new policy. L'USINE NOUVELLE's journalists conducted a series of interviews in which business owners, bankers, managers, top government officials and union members of all shades shared their experiences and thoughts. During the coming weeks, L'USINE NOUVELLE will publish the most characteristic viewpoints. All of them are based on topics that are too often neglected.

The men. How can industry attract the elite that until now have been snapped up by the civil service and technical services of the state? Just as the economic war is becoming primarily a technological war, the French-style brain drain must be stopped and valuable managers and technicians redirected toward the competitive sectors.

The strategy. To date, the biggest French successes have been in "exceptional" industries: nuclear energy, telephony, aerospace. But reliability and the search for perfection are now no longer the fond preoccupation of manufacturers of professional durable goods. On the contrary, excellence must be found in mass consumption industries (for example, components for mass consumption electronics or biotechnology for the food industry). It is no longer enough to be good at research; it is now also necessary to perfectly master the chain of development and industrialization--successive stages that are dominated better by France's partners.

The state and the business. The structural upheavals of the past years and the political polemics have obscured everything. It has become necessary to start over: the structures for public assistance, training, policy for large-scale programs, the rights and duties of the state-purchaser and state-owner, taxes, etc. Wouldn't a return to realism and discussion be the best way to free the energies contained in businesses?

#### French Firms: On the Decline

In their last summary report, INSEE's [National Institute of Statistics and Economic Studies] economists tried to determine what the economic environment of firms would be after the measures restricting consumption. This was a difficult task because it is hard to anticipate the reactions of households. One thing, however, is certain: the Delors plan is not constructed in a way that will help solve firms' problems.

Consumption. Even before the administration's measures were known, the 1983 trend was toward stagnating purchasing power of disposable income. The withholding initiated by the government will therefore definitely cause disposable income to drop. According to INSEE's calculations, the obligatory loan (it will net 14 billion francs) will result in a 2.1 percent decline in purchasing power during the second quarter. The 1 percent withholding on taxable income should have the same impact. As an annual average, the decline in purchasing power of disposable income should be about 1.3 percent. The impact on household consumption will be felt especially during the second and third quarters. The most exposed sectors: the automobile industry and standard consumer goods, including textiles and leather.

The financial situation of businesses and investment. Faced with such an unstable environment, firms will be trying to strengthen their financial structures. There will, therefore, be an apparently paradoxical occurrence: a strong demand for capital and a new decrease in industrial investment.

Firms would now like to resort to permanent capital to consolidate the structure of their balance sheets. According to INSEE, this behavior is particularly marked in intermediary and consumer goods firms. This year will therefore not see the long-awaited recovery of investment. The margins for unused production capacity remain high (21.5 percent). This is less than in 1975 (30 percent), but the fact that this rate has not budged since 1980 shows the rigidity of the French productive structure while foreign penetration has grown. In

all, the decline of investment in industry will be about 3 percent in 1983 (after a decline of 6.3 percent last year). This is a worrisome trend because in the years to come even a steady investment volume will no longer be enough to ensure normal renewal of production capacity.

Foreign trade. It does not seem likely that French exports will increase substantially this year, for at least three reasons. First, based on an examination of delivery books kept up to date by COFACE [French Insurance Company for Foreign Trade], our sales of durable goods to non-OECD countries will decline by about 7 percent. Second, demand from OECD countries will hardly increase any more than 2 or 3 percent. But the elasticity of French exports to world demand is about 1. In other words, a 1 percent increase in demand causes only a similar increase in our exports. Lastly, the trend observed at the beginning of the year has been negative. The decline in the volume of French sales abroad was at least 4 percent for the first quarter.

So, the general framework into which Laurent Fabius' measures are placed is a declining domestic consumption, insufficient industrial investment to increase the competitiveness of French goods abroad and little hope of increasing our exports substantially.

9720  
CS0:3519/499

## PRIOURET SEES NEED TO REDUCE PESSIMISM IN BUSINESS SECTOR

Paris L'USINE NOUVELLE in French 5 May 83 p 300

[Editorial by Roger Priouret: "The Necessary Remobilization"]

[Text] Demoralization has touched all economic forces: the top ranks of the government, the nationalized sector, business managers, workers and employees. Only the president of the republic can change this and it is urgent that he do so.

Beyond dealing with the strikes and the demonstrations, the most urgent task of the government and even of the president of the republic is to remedy the demoralization of most of the economic forces in the country. After the boost Francois Mitterrand gave to the austerity plan during his trip to the north of France, there are no longer any divergences between the head of state and the ministers. However, some of the disagreements within the Socialist party are regrettable. In the preliminary document for his congress next autumn, Jean Poperen has more or less asked that austerity not touch the voters on the Left, which does not correspond with Jacques Delors' idea of fairness.

There is demoralization among top officials in the administration and in both the more recent and older nationalized sector. The least that can be said is that experience does not come quickly to the men on the Left. It is true that their predecessors did not give much information on the opposition to the members of parliament and that action is difficult during times of world crisis. But government officials are receiving contradictory directives because after 2 years jurisdictional limits have not been clearly set. Bank officials do not yet know if their task is to establish a public distribution service for a curtailed commodity called credit, or if they should trade in money as they did in the past and as their foreign counterparts do.

The directors of public services and nationalized firms are the most affected. Most of them did not suspect their legacy would be as bad as it was, with heavy debts for all of them and more employees than necessary for most of them. State appropriations of capital, which seem enormous to taxpayers, were almost exhausted once the managers met their deficit and their loan financing charges. One example from ten: Pechiney Chimie, which never earned any money and whose assets are divided among other nationalized firms has a holding company that employs 1,400 individuals that now have no appropriation.

For the most part, business managers were against the new administration as of 10 May 1981. But I don't think they can be accused of having sabotaged the Socialist experience. A businessman or a shopkeeper and his staff of close associates do not refuse a client, even if he arrives when the Left is in power. And when they were honest with themselves and rose above political preferences, they had to note that since the happy year of 1973 their tax payments had continued to increase and their profits had continued to decline during the last administration. The current administration only sped up these two trends.

What does the current austerity plan offer them? Personal tax burdens as managers and professionals--which is normal. But also slowed activity because of the withholding made on the purchasing power of consumers, which results in an oversupply of employees and an additional reduction in profits, which are sometimes reduced to negative numbers.

Demoralization is also the base factor for the worker and the employee. Until the economic crisis they were used to an increasing purchasing power that since 1950 had allowed them to reach, step by step, this level of comfort or that amenity in life which before the war were exclusively for the middle class. Since the crisis they have almost maintained their standard of living because the political leaders, both those of the current and former administration, never passed on the cost of oil to the consumers (as the other industrialized countries, except Belgium and Italy, did) and left this cost to the state and businesses.

As opinion currently stands, I think that only Francois Mitterrand can climb the slope of this demoralization. He can do it because of his office, because of the length of his term and because of his personal credit that has been little affected in comparison to the policy followed.

The formula? Direct conversation in concrete rather than literary terms, in spoken rather than written style. Francois Mitterrand himself liked the televised discussions on public questions in Japan.

We are in the age of direct democracy, made possible by modern media. It cannot reconcile all different interest groups. But their contradiction with the general interest could be in their very formulation. The concrete measures that should follow could become apparent by their necessity and coherence.

9720  
CSO:3519/499

## CGT EMPLOYS 'NEW MANAGEMENT CRITERIA' IN INDUSTRIAL POLICY

Paris L'EXPANSION in French 18 Feb - 3 Mar 83 pp 86-93

[Article by Christine Mital: "And Here Is the Management of the CGT"]

[Text] In the new nationalized enterprises, a new wave of administrators, armed with surprising criteria of profitability.

The first time Claude Block, 45 years old, draftsman and CGT [General Confederation of Labor] militant, presented himself at the headquarters of his employer at the head of a union delegation, he did not go beyond the courtyard of the building. The second time he went to the headquarters of the CGE [General Electric Company] at 54, rue La Boetie -- this was on 27 July of last year --, he went up to the first floor, entered the impressive board of directors room, and calmly sat down in the chair of Paul Huvelin, the former president of the CNPF [National Council of French Employers]. Nationalization had come through: Claude Block was appointed as salaried administrator by his union. Together with his six counterparts, he now has his own letterhead, a secretary, and undoubtedly soon also a budget. "For me, it is very clear," he stated, "the administrator of a nationalized company is a full-fledged business manager." Yesterday a unionist, today a manager, but always militant, Claude Block seems perfectly at ease in the navy blue top management overcoat which fits his new job. And in the type of language that goes with it: "In 1982, the CGE made 1 percent profit; that is not enough," he explained straight away. "By being managed differently, this group can greatly improve its contribution to the country's economic and social progress."

It would be a mistake to see in the CGT's current strategy nothing more than the more or less controlled agitation of the immigrants from the automobile industry. In fact, it is the key word "management" which dominates all the conversations, all the meetings. That morning, at the new headquarters of the union group, porte de Montreuil, LES ECHOS sold as well as L'HUMANITE. Second story, staircase A: Habib Sassi, in charge of coordinating the CGT sections of Saint-Gobain, dissected for the delegates a report from a certified public accountant, which attempts to prove that the closing of the glass factory of Chalon-sur-Saone is not economically justified. One story higher up, Serge Lelay, an official of the public industrial sector within the Federation of Metalworkers, was finishing an article on "worker intervention in management." At the Ministry of Industry, CGT delegations, with files under their arms, followed each other at the rate of two or three per day on the average. "In the

past, we took the subway. Now, we go by car because there is parking space in the courtyard," noted a CGT delegate from Thomson.

True, the left is in power. But that is not sufficient to explain the new CGT speeches. The "Let us roll up our sleeves" from the post-war period has become "Let us produce differently." Some people, at the CNPF and in the Workers Force, see the outline of a real power takeover. Others, on the contrary, are starting to dream about a "Japanization" of the CGT touched by the managerial style. An excess of fear on the one hand, illusions on the other. The new strategy can best be observed in the nationalized enterprises. Basically, nothing has changed: the class struggle has simply been rechristened "battle of logics." But this battle is waged by the CGT in terms of a specific doctrine, coming directly from the works of Philippe Herzog, the leading economist of the PC [Communist Party]. "We do not accept the managerial logic of a Gomez or a Fauroux," stated Alain Obadia, the leader of the UGICT [General (CGT) Union of Engineers, Administrative Personnel, and Technicians], "but, lacking a 'great evening,' we still have daily action in the field."

Last July, the elected CGT members of the works council of Renault-Billancourt asked the management to list the foreign suppliers who participate in the construction of the 4L. The orders went out from the office of Gerard Alezard, who is in charge of economic questions at the Confederation. In nearly all public enterprises, identical operations were carried out at the same time. At the Lesquin plant, near Lille, of Thomson-Brandt, a refrigerator was examined closely. In a subsidiary, Unite Hermetique, the CGT made an inventory of engines manufactured in Italy. At Renault-Industrial Vehicles, in Bourgen-Bresse, the CGT organized an "open house" day, so that the Oyonnax plastics companies could come study on the spot the foreign pieces they might be able to "reconquer." An engineer earned "top ratings" from L'HUMANITE because he did the same thing for the measuring instruments of the Thomson research center at Levallois. At Dassault, the CGT went to war simultaneously against IBM computers and against... Staedler pensils (made in Germany)!

Behind these actions "to reconquer the domestic market" emerge the famous "new management criteria" defended by the CGT and the PC. First article: until 10 May 1981, the industrial policy was conducted only in terms of profitability. "Result: factories have been broken and bankruptcies organized which now compel France to import massive amounts," explained Gerard Alezard. This electronics engineer, member of the Central Committee of the PC, does not like to be diverted from the thread of his thoughts. Following nearly word for word the four tightly written pages on his desk, he continued with Article 2: "The profitability of a company, especially if it is a public one, can only be general. It must take into account economic and social aspects, its own interest and that of the country." The CGT pushes this principle to the extreme: any production unit located in France can be considered profitable because its elimination runs the risk of worsening the foreign trade imbalance and of increasing the number of unemployed. Hence, there is no question of supporting an industrial policy which selects targets.

Investments abroad are also anathema. When the first information on the Thomson-Grundig agreement filtered through to the press, on 16 November last, the salaried administrators of the group were in a training meeting at the

headquarters. Alain Gomez burst into the room to provide explanations. But he did not convince the CGT administrators. "This means 2 billion francs which will go to Germany, without counting what will have to be invested to modernize Grundig. With the sole result of increasing the market for German products in France," stated Daniel Bailly. "We will make sure that there will be productive repercussions in France," added Philibert Claireau. "Specifically, Grundig will have to buy its television tubes from Videocolor, a Thomson subsidiary." "The German workers may not appreciate this? "That is not our problem," concluded the CGT members. "The employers say that it is always possible to reach an understanding with the German unions. Too bad for them if they practice worker participation."

The CGT wants to practice "new management," with figures to support it. In one year, the bill for expert audits ordered by the federations has more than doubled. And the Confederation's economic sector will soon be strengthened by a micro-economic service. Every time an activity is threatened in a nationalized group, the CGT responds with an industrial plan. The "Bonded Fiber Plan" to prove that the 6,000 tons produced annually by Rhone-Poulenc in Roanne are necessary, even if the factory's losses are equivalent to the aggregate remuneration of its employees. The "Cobalt Plan" when PUK [Pechiney-Ugine-Kuhlmann Company] decided to close its factory of Plombiere, in the valley of Tarentaise, for lack of mineral to process. The "Coal Plan" which proves that, taking into account all the secondary costs (including those of the harbor installations!), the price of imported coal is not one-third but double the price of coal which could be mined from French mines. The "Textile Plan" which follows the system from the machine tools to the ready-to-wear. The "Data Processing Plan" which, in the name of technological independence, defends all manufacturing. In this particular case, "the CGT plan comes down to asking the government for more than 100 billion francs in addition to the 140 billion it already intends to invest," criticized an expert of the Federation of Metalworkers CFDT [French Democratic Confederation of Labor]. "It is still the Zarifian technique (from the name of the economist who drew up the CGT steel plan in 1978): to add up investment needs without ever making a choice." Somewhat less harsh, the general manager of a nationalized company recognized however that the CGT type management would lead to "companies which technically are performing, but whose cost to the community is both sizable and mysterious." The EDF [French Electric Company] model generalized over the whole public sector.

The economists of the CGT and the PC reject this argument by simply renaming the measuring instrument: costs become gains. This is Article 3 of the "new management criteria": the activities of the nationalized enterprises should not be assessed in terms of their profits, but of their added value, that is to say essentially the salaries they distribute and the jobs they create. "Social progress is not a burden, but the economic and financial efficiency engine of the state-owned company," stated Jean-Louis Fourier, central delegate of the CGT at Renault-Billancourt. The watchword no longer is "the state-owned company can pay," but "the state-owned company must pay." According to L'HUMANITE, the striking workers of Flins are not defending their meat and potatoes, but the interest of the national company. Hence, what does it matter that the agreement signed on 27 January hurts the government's policy of cutting back indexing: that "logic" is not that of the CGT. And what

about the competitiveness of automobiles? Answered Alain Obadia: "There is no question of sacrificing purchasing power and employment in the name of foreign competition. If necessary, we will request the implementation of customs barriers." And there reasoning comes full circle.

On paper, but not in fact. The CGT knows very well that the "new management criteria" will not, by far, be the operating rules for the nationalized enterprises. Why then is it jumping into the area of industrial policy? Why, faced with a leftist government, doesn't it limit itself to material demands? Because it hopes to obtain greater power this way. There is the key to the new strategy. At a time when it is experiencing a severe drop in support, as evidenced by the elections to the arbitration board, the CGT believes that its participation in management will enable it to strengthen its role in the company and, more mundanely, its union machinery. For lack of recruiting troops, it is doing its best to build strongholds. Even if it means to take an even stronger self-management stand than the CFDT: "In time, we want a real re-balancing of economic decision making to the benefit of the wage earners and the country," stated Gerard Alezard. In the meantime, the CGT limits itself to moving pawns.

The law on the democratization of the public sector has not been enacted yet, but the CGT demands its implementation in advance, and extensively so. In all the bodies established or modified by the law (board of directors, group committee, works council, shop committee), they will be talking about management. In order to make them work, the CGT demands more hour credits, more material resources, and a broader right of intervention. "The 20 hours foreseen by the law for a salaried administrator are ridiculous," complained Daniel Bailly. "We feel like students who have to learn their lessons in the nursery after their workday. It took 6 months of negotiations to obtain a press review from the management alone!" As a matter of fact, the law will be interpreted differently depending on the enterprises, on the temperament of the chairmen and managing directors and on the style of social relations they want to develop. At Thomson, for example, there is no question of overdoing it: "We had to dot the i's," noted one manager. "In the beginning, the CGT thought that the title of administrator gave them the right to go visit the factories, to question the hierarchy, and even to make statements to the press." On the other hand, Thomson is the only nationalized company to have agreed to take care of the salaries of the three permanent delegates henceforth assigned to the Federation of Metalworkers. "Gomez will always pay the price to have peace with the CGT, as long as it stays outside," another manager stressed sarcastically. As a matter of fact, of the three permanent delegates in question, two were former Thomson workers who had been dismissed for violent behavior during a strike, but who had to be rehired to implement the amnesty law. "We had no choice," the same official continued, "the CGT was determined to impose them on us as administrators!"

At Rhone-Poulenc, on the contrary, Loic Le Floch-Prigent, a former CGT member himself, is ready to push the dialogue with the unions very far. At the chemical factory of Saint-Fons, near Lyon, their representatives obtained, for a period of 2 months, unlimited hour credits, the right to organize meetings during work time, and the opportunity to consult experts, all of this to allow each organization to express its opinion on the factory's investment plan proposed by the management.

To strengthen its position, the CGT always presents its point of view in the same wrapping, that of "change." Systematically, it is asserting itself as the union which best defends the government options (forgetting those which do not suit it: see the Renault wage agreements). When, for example, it got the management of the RATP [Independent Parisian Transport System] to opt for French generators, although the chairman and managing director, Claude Quin (although a member of the PC), had originally chosen American equipment. Or else when it asks its main unions to make sure that the data processing services of the major enterprises purchase French equipment. The state-owned Renault managed to remain faithful to IBM, but the BNP [National Bank of Paris], after a campaign waged by the CGT union section, will switch in part to CII-Honeywell Bull. At PUK, the CGT suggested to the management that pressure be put on the EDF to obtain preferential rates for the manufacturing of aluminum. In his administrator's office at the CGE, Claude Block regularly receives "those who could help with the change": a researcher for CIT [expansion unknown]-Alcatel whose "work is not taken into account"; wage earners from Alsthom Atlantique whose "boss does not accept nationalization"; and even, recently, the chairman and managing director of a PME [Small and Medium Sized Enterprises] who did not manage to sell his equipment to a subsidiary of the group. "My role," explained Claude Block, "is to draw the attention of the general management to all these false notes." In the banks, the CGT has even proposed that the works councils give their opinion on the distribution of credit. "Why leave that right in the hand of management alone?" said an official of the Federation of Financial Institutions. "The salaried administrators have to make sure that the new policy required by the government is put soundly into place."

Or else? Or else, the CGT refers to the tables of the law. At the Porte de Montreuil, they are engaged in a meticulous exegesis of government statements in order to discover which ones are going in the "right direction." Next, armed with these good works, the CGT turns to the minister of industry and asks for his support. "They quickly understood that that was where the power was. It would be useless to go to Matignon," affirmed a CGT member. "It is the technique of the small talebearer," a manager of the state-owned Renault company noted ironically. Last October, the technicians of the UGICT alerted their federation to the fact that Thomson planned to close the micro-lithography department in its Cameca subsidiary. The federation warned the minister of industry. And the minister denied it: there was no question of stopping research which relates to the production of integrated circuits. As a matter of fact, no decision had been made yet. Nevertheless, Alain Gomez had the feeling of being short-circuited by his supervising ministry. Another example: last November, at the time of a trip to the provinces, Pierre Mauroy received a CGT delegate from Rhone-Poulenc, who gave him a file on the survival of the plant of Roanne. A few days later, a comforting response was received from Matignon about the future of the plant. The fact that Loic Le Floch-Prigent had announced its closing a few days earlier was of little consequence... At PUK, the CGT was informed of the restructuring of the group's chemical activities, decided on by the Ministry of Industry, 24 hours before the major officials were informed. "In this three handed game," stated the former chairman and managing director of a nationalized company, "the management often counts for less than the ministry or the CGT." Curiously enough, the CFDT made virtually the same diagnosis: "The leftist technocrats, raised

in the lovely salons, are fascinated by the CGT. To get its blessing, they are always willing to let go of something," stated Francois Beaujolin, secretary of the Federation of Metalworkers.

To what extent will they let go? The nationalizations are too recent for one to be able to measure correctly the place the CGT will take in them. Currently, it is clear that it prefers to play partners than opponents, managers rather than revolutionaries. True, it does not accept reductions of numbers of workers in businesses which may, however, have dangerous deficits; neither does it sign wage agreements when they are limited to the strict maintenance of purchasing power. But -- except for the automobile sector, under pressure from the immigrants -- it does not for all that launch offensives. Will we see the social peace guaranteed by a more powerful CGT in the nationalized companies? Nothing is less certain. The response probably lies in the portfolio of the four communist ministers. "If they were to leave the government, we would be forced to impose change through action," concluded Andre Sainjon, the leader of the CGT Federation of Metalworkers.

8463

CSO: 3519/501

## RHONE-POULENC LOSES FR 844 MILLION IN 1982

Paris LES ECHOS in French 19 Apr 83 p 6

[Text] But the operational margin increases by 60 percent. Behind the paved roads, the beach. The Rhone Poulenc group announces for 1982 an overall net loss of 844 million francs, apparently worse than that of 1981 (335 million francs). But it also has experienced a 60 percent operational margin (2,207 billion francs) increase with respect to 1981 (1,377 billion francs).

The fact is that the 1982 accounts of Rhone-Poulenc include an allocation for funds for restructuring 726 million francs (compared to 71 million francs in 1981), and that they are built upon new standards of consolidation, "closer to economic reality." It involves modification in the methods of converting the accounts of foreign companies (whose losses and profits are henceforth ascribed on a reserve account created for this purpose). In a like manner there is a new method for calculating interim interest. The effect of this change, indicates Rhone-Poulenc, "causes the 1982 results to deteriorate by 423 million francs."

In order to compare the last 2 years, the company also emphasizes that the exceptional profits were only 344 million francs in 1982 (essentially from the sale of Morton Norwich) compared to 445 million francs in 1981 (due to a tax audit applied retroactively to 1980). It separates finally the losses of the fertilizing sector (447 million francs in 1982 compared to 207 million in 1981) which will not be incorporated in the 1983 balance sheet since, at the accounting level, the transfer of the sector is effective on 31 December 1982.

With accounting methods and with comparable structures (outside of the fertilizer sector in both cases) the Rhone-Poulenc group estimates that its net losses are 318 million francs in 1982, compared to 573 million francs in 1981.

The improvement is confirmed by the 60 percent increase in the operational margin (after debt redemptions). The increase is partly due to the good results of the Brazilian subsidiary.

As far as turnover is concerned (37.196 billion francs in 1982 compared to 32.272 billion francs in 1981), it increased 15.3 percent. The financial costs reached 2.110 billion francs in 1982 (5.7 percent of the turnover) compared to 1.9 billion francs in 1981 (6 percent).

## BRIEFS

EGYPTIAN BANK BRANCH IN PARIS--The Egyptian bank MISR, the main commercial bank of Egypt, will open a branch in the French capital before the end of 1983. M. Ahmad Fouad, president of MISR, explains, "we are almost nearing the end of the study and initial contact phase. Next month we will present to the French authorities the official request." M. Ahmad Fouad also added, "Franco-Egyptian cooperation and the constant development of voluminous exchanges between France and Egypt necessitates an Egyptian banking presence in Paris." [Text] [Paris LES ECHOS in French 19 Apr 83 p 12] 12394

CSO: 3519/472

## POLL SHOWS JOB SECURITY AS MAJOR CONCERN OF LABOR FORCE

Milan MONDO ECONOMICO in Italian 6 Apr 83 pp 6-8

[Article by Stefano Caratelli: "The Post-Modern Worker"; the masculine gender is used generically herein to include the feminine]

[Text] The post-modern worker fears, above all, losing his job or ending up on Wage Supplement status. The strategy of the enterprise in which he works is of little interest to him, and he aspires to an American-style labor union that will defend his interests. This is the profile of the worker model of the 1980's, which holds several surprises.

Occupational mobility is no longer feared by the blue-collar workers. The workers as a whole (and 84 and 89 percent respectively) would accept a different kind of job or a move within the same productive branch. But they would also be willing to change over to the tertiary sector (63 percent), to a self-employed worker status (48 percent), or actually to farm work (43 percent). Not even a transfer of location is seen as something to be rejected: Commuting is considered acceptable in half the cases, but there is also wide acceptance of a transfer within the country (31 percent) or even abroad (16 percent).

These findings, which would seem to have been taken from a survey of post-industrial nomadism in North America, constitute, instead, one among the most significant trends revealed in a survey of the "condition of employed workers in the Italian manufacturing industry sector," carried out by ISVET [Institute for Economic and Technological Development]. The study, ordered from ISVET by ENI [National Hydrocarbons Agency] and by FORMEZ [Institute for Training in Southern Italy], was completed 10 years after a similar study made by the same institute in 1971. There emerges a picture, frequently full of surprises, of the profound changes that have taken place during this decennium.

The poll was conducted last summer, with a questionnaire consisting of 150 questions submitted to a sampling of 4,198 workers. ISVET tried, above all, to set a preferential value on homogeneity of the universe under examination, and hence of the sample, with that of the 1971 survey. During these

10 years, profound changes have taken place both in the traditional notion of the "blue-collar class" (a transformation that, strangely enough, has received little investigative attention in the centenary since the death of Marx) and in the means and methods of production. In the wake of the "heated autumn," the problem of confliction held arrogant sway. Today, attention is centered on the new givens in the economic and productive configuration of a post-industrial society.

To begin with, the composite portrait of the manufacturing industry worker has changed. Its clerical and white-collar component has grown (23 percent versus 17.3 percent in 1971) in a generalized manner throughout the country, but most significantly in the non-electrical mechanical, the electromechanical and the chemical industries. The proportion of workers of central and southern regional origins has grown (from 11.1 percent to 14.6 percent), while there has been a concentration of employment in small and medium-large firms at the expense of the 100- to 500-employee sector. The typical worker in the research field is a male, over 30 years of age, characterized by an average family-unit size of 3.3 persons, contractual employment status and blue-collar extraction. As compared to 1971, those interviewed are older, on average, their families less numerous, and their educational level higher.

This latter phenomenon is closely linked with the increased size of the white-collar component (the proportion of certificated high-school graduates has risen from 8 percent in 1971 to 23 percent in 1982). What changes have taken place in the expectations and orientations of the workers over these 10 years? The answer to this question must be sought under three separate headings: Their relationship to the labor market, the impact of the new technologies and of the new productive configurations, and their attitude toward the labor union and work incentives.

#### The Labor Market

Compared to 10 years ago, the problem of work stability is being much more keenly felt. For over half the respondents, the determinative factor rendering their job "satisfying" is its security. Drawing upon this fact alone enables us to map the "risk of job loss" as perceived by the workers. By sectors: The highest risk is perceived to be in basic metallurgy (32 percent of the employees in this sector feel they run the risk of losing their jobs), followed by rubber and plastics (25 percent) and textiles (20 percent). By size of enterprise: The very large establishments, particularly the public enterprises, are perceived as being more exposed (30 percent) to the risk of job loss than the others. By region, sex and age: Women, the very young, and the workers in the central and southern regions have a greater fear than the others of losing their jobs.

Even more accentuated than the perception of job-loss risk (which is seen by 15 percent of the respondents as highly probable) is that of the risk of being put on the Wage Supplement roll (44 percent) coupled with certainty

(11 percent) that the local labor market offers no possibilities of finding new jobs. It is interesting to note that while a goodly percentage of the respondents could not state with certainty whether or not they felt exposed to the risk of being laid off or of being put on the Wage Supplement Fund (the tally of "don't knows" is close to 20 percent), all of them, on the other hand, had very clear views as to the prospect of finding another job in the event of being laid off (the "don't knows" totaled close to zero). All of them, even those not directly threatened by potential job loss, have evidently given thought to the question of mobility.

The context in which the substantial, and in some respects surprising, predisposition to mobility--even from one sector to another, and indeed from industry to agriculture--should be viewed is the following: This predisposition to mobility represents less, by far, a changed attitude on the part of the blue-collar worker in the direction of a postmodern outlook than --and almost entirely--a realistic appraisal of the unreliability of the model that has been based on the very big business enterprise, on the certainty of unlimited or almost unlimited growth of the public enterprise, and on the consideration of the manufacturing industry sector and of the industrial triangle as the strongholds of blue-collar employment.

#### The New Technologies

More than a revolution in automation and robotics, and even before its advent, the manufacturing industry has undergone a revolution in the rationalization of labor. The villain of the "heated autumn," the assembly line, the symbol of pieced-out, exacerbating labor, is now practically nonexistent. But the lion's share of this revolution has been taken up not so much by the robots but rather by the new forms of rationalization: job rotation, job enlargement, job enrichment, work islands, production units. The most widespread of these methods has been job enlargement (it has involved 37 percent of the workers), while job enrichment and job rotation methods have involved only 2 or 3 out of every 10 employees. These three forms of rationalization, moreover, have involved mainly skilled blue-collar, intermediate and white-collar workers as compared with ordinary blue-collar workers, while the use of work islands and production units has been limited mainly to very large groups and has involved principally ordinary blue-collar workers.

Based on the statements of the respondents, only 4 percent are likely to have lost their jobs through the introduction of new machines. It is very interesting to note, in this regard, that the medium-sized enterprises--from 100 to 5,000 employees--are, on the one hand, the ones that are indicated by the workers as being the most "secure" from the job-security standpoint, and are, on the other hand, those most involved in technological and rationalization changes.

According to the majority of the workers, moreover, the new techniques "increase physical and psychological fatigue," but "improve the quality of the product." New rationalization does not appear to have meant decisional decentralization: 3 workers in 10 state that the "authority of the bosses" has actually been increased. On the other hand, supervisory and officer personnel state that the new techniques have resulted in an "improvement of social relationships."

The new method of production appears to have distanced the workers from involvement in the question of what should be produced and why, the famous "right to know" around which so many contractual negotiations have centered. The overwhelming majority (70 percent) does not know their firm's basic decisions as to production, marketing and management criteria, but even more interesting is the fact that a significant percentage of the workers within the firm (3 in 10) is not the least bit interested in knowing them.

Information, says ISVET, appears today to be the real discriminant within the enterprise and performs the function that was yesterday that of the pay differentials: As compared with the 38 percent of the ordinary blue-collar workers who neither know nor wish to know their company's strategies, the figure among the higher-paid employees is only 9 percent. The white-collar employees and supervisory and management staffs are the most informed on productive policies but also the most critical, particularly in the public enterprises.

The workers know less now about their firm's strategies than they did 10 years ago, and a majority among them (53 percent), perhaps with uninformed consistency, judges their firm to be authoritarian or paternalistic, indeed extending this evaluation down to their immediate boss. Between 1971 and now, the turnabout is particularly pronounced in the public enterprises: The workers asserting the democratic nature of the enterprise in which they work have dropped from 50 percent to 11 percent, while those who deem the management of their firm to be paternalistic have almost tripled (from 13 percent to 32 percent).

#### Trade Unions

Although the ISVET report does not fully go into the extent of the problem of representativeness of the labor unions (between 1971 and 1982, in absolute terms, the membership increased, since the vigorous growth during the first half of the decennium was greater than the slump of the last 3 years), the relationships between base and summit are found to be characterized by a wide gap between orientations and expectations. The blue-collar and white-collar workers in the manufacturing industry sector appear to lean decidedly toward a "trade-unionist" version of the union, that would defend the workers' interests within the enterprise (36 percent) as well as within the society (27 percent). Only 23 percent remains committed to an ideological class-oriented concept ("It is the organization of the working class"). Heading the list of specific criticisms (which has risen sharply since 1971),

are accusations, mainly by the white-collar workers, of "excessive politicization" and "insufficient participation in decisions." It is a dissent that is expressed concretely, in many cases, by nonrenewal of membership cards. The reproaches as to lack of democracy and of participation are, generally speaking, not leveled against the summits but rather and mainly against the unionists in the workplace. The degree of participation in strikes and demonstrations confirms that blue-collar workers set a preferential value on their "material" content over their ideological one.

#### Work Incentives

Heading the listing of incentives, in order of priority and together with "job stability," is "good relations with working companions"; pay is down in third place from the top. The lessened interest in this aspect coincides with a heightened valuation of the qualitative aspects of the job: "Interesting" activity, "career" possibilities (in 1971, the pay aspect occupied first place, followed by stability and interesting nature of the job). Supervisory and middle management workers appear less sensitive to good social relationships; they show greater concern instead for career possibilities. Workers in the public enterprises, as a general tendency, show less interest in career possibilities, and more concern for the material content of the job.

[Tables follow]:

[Following data published in graph form are rendered here in tabular form]:

#### Distribution of Interviewees By Job Category

<u>Category</u>	<u>Percentage</u>	
	<u>1971</u>	<u>1982</u>
Skilled blue collar	48.6	45.9
Ordinary blue-collar	33.1	29.8
Intermediate categories	12.0	15.4
Category 3 or 2 white-collar	3.1	2.3
Category 1 white-collar and Category 1 supervisory	2.8	6.6

Source: ISVET

Graded Listing of First Ten Risk Factors To Which  
Workers Say They Are Exposed  
(In Terms of Percentage)

Factor	Total	Ordinary Blue-Collar	Skilled and Special- ized Blue-Collar	Intermediate	White-Collar Cate- gories 3 and 2	White-Collar Cate- gories 1 and 1 S
Excessive noise	55.8	60.8	68.8	50.6	22.4	22.4
Excessive heat or cold	49.8	55.0	56.5	50.6	29.5	27.2
Much dust in the air	43.4	48.2	52.8	43.2	18.9	13.8
Hazardous machinery	37.8	40.4	50.3	40.7	6.7	10.8
Intensive working pace	34.4	44.6	36.2	28.4	18.0	16.8
Work is physically extremely tiring	30.5	37.2	38.6	18.5	5.2	6.9
Strong drafts	28.8	28.9	36.3	29.6	12.6	13.8
Work involves too heavy a responsibility	28.8	20.4	33.9	54.3	23.4	34.9
Heavy exposure to vapors, gases, fumes	28.3	27.4	39.1	17.3	7.2	11.9
Uncomfortable working positions	27.7	30.5	35.5	24.7	8.3	7.3

[Following data published in graph form are rendered here in tabular form]:

Opinion of Firm's Style of Leadership

<u>Style</u>	<u>Percentage</u>	
	<u>1971</u>	<u>1982</u>
Authoritarian	21.7	25.7
Paternalistic	17.7	27.7
Democratic	46.6	45.6
Did not reply	14.0	1.1

Source: ISVET

Distribution by Categories of Interviewees Enrolled in Unions  
(In Terms of Percentages)

<u>Category</u>	<u>1971</u>	<u>1982</u>	<u>Difference</u>
Manual laborers/ordinary blue-collar	60.6	68.6	+ 8.0
Skilled and specialized blue-collar	69.5	75.3	+ 5.8
Intermediate	48.2	49.4	+ 1.2
White-collar categories 3 and 2	30.9	41.9	+11.0
White-collar category 1	17.0	28.4	+11.4
Total	59.6	64.5	+ 4.9

Distribution of Interviewees By Categories and Conception of Union  
(In Terms of Percentages)

Conception	Manual Laborers/ Ordinary Blue-Collar	Skilled and Special- ized Blue-Collar	Intermediate	White-Collar Cate- gories 2 and 3	White-Collar Cate- gory 1	Total
Organization of the working class	21.6	24.5	12.5	22.1	19.7	22.8
Defends the workers' interests within the enterprise	36.3	30.2	27.5	28.3	18.2	31.6
Defends the workers' interests within the enterprise and society	27.3	34.0	32.5	35.0	43.9	32.3
Helps me on job-related problems	11.5	8.3	20.0	10.2	9.1	9.7
Other	3.9	3.0	7.5	4.4	9.1	3.7

## CSIL'S CARNITI INTRODUCES CONCEPT OF NEOCONTRACTUALISM

Milan MONDO ECONOMICO in Italian 9 Mar 83 pp 36-39

[Interview with Pierre Carniti, leader of the CISL [ICFTU], by Mario Calderoni and Walter Passerini: "Carniti: Introducing the New Labor Union"; place and date of interview not given]

[Text] Everyone agrees: The agreement of 22 January marks a turning point in industrial relations. The state has also played a different role. But the leader of the CISL [ICFTU] is pressing ahead and has introduced a new concept: Neocontractualism. What is it about?

Throughout the history of the labor union, watchwords coined by the ICFTU have marked important turning points. From the introduction of company-level negotiations around the mid-1950's to wage-productivity indexing in the 1960's. From the organic labor-unit to the unitary sliding-wage-scale point. From shorter working hours to the solidarity fund. Today, the labor union in Italy is going through an unpropitious phase: The 22 January agreement on the cost-of-working allowance marks what is historically probably its moment of greatest power.

At the same time, however, signs are surfacing of a dangerous ungluing between base and summit, which are adversely affecting relations among the three components of the Unitary Federation.

But here again, in this phase, Pierre Carniti's ICFTU is not relinquishing the initiative, and despite the many unknowns of the future, it is shouldering the burden of a profoundly innovative undertaking, based on a new labor-union concept: Neocontractualism.

The "catholic" confederation has thus shifted the focus of the debate--which has been tending to bog down in organizational engineering details--chucking the tendency to conceive of the labor union in a subordinate role and sacrificed on the altar of governability.

Some few days ago, Carniti had already stirred up a polemic with this statement: "The dynamic thrust of the Unitary Federation has petered out." In the present interview by MONDO ECONOMICO, the ICFTU leader explains the policy lines along which he intends to advance in the coming months. Cigar permanently lit, and with the grim face of his best moments, he expounds here on the fundamentals of the praxis of neocontractualism.

[Question] Let us start with the agreement initialed on 22 January. Now that feelings have been somewhat placated and that, despite the aftermath of controversy of an interpretive nature, the climate has gradually become more serene, it is probably easier to view it in context. In cool retrospect, how do Pierre Carniti and the ICTFU view it?

[Answer] First of all, a preface that is important, not only from the standpoint of placing the agreement signed at the Ministry of Labor in its proper context, but also to understand what openings to the future it offers to labor union initiative. The efforts being made by some to underrate its significance and to reopen debate on some of its points appear to me truly rather pathetic. This sudden interpretative sit-up by the leaders of CONFINDUSTRIA [General Confederation of Italian Industry] on the issue of the sliding-wage-scale point-decimals is curious. It probably stems from the fact that the leaders of CONFINDUSTRIA have lost the habit of negotiating; they have grown a bit rusty over these many months.

[Question] These, however, are incidental issues, even though they may relate to substantive points in the agreement. On the other hand, there has been a substantial concurrence of views among observers of labor union matters, defining this agreement as a watershed in the recent history of industrial relations in our country. In substance, according to this view, one phase in this history has been closed and a new one opened. Do you agree with this evaluation?

[Answer] Let us go back a bit. Many entrepreneurs had come to the conclusion--owing in part as well to the errors committed by the labor union movement--that a phase of foreseeably long duration was about to begin, in which negotiations and relations with the labor organizations could be dispensed with. There were those, like the general manager of FEDERMECCANICA [expansion unknown], Felice Mortillaro, who had explicitly theorized: The confederations are gradually losing representativeness and are no longer significant interlocutors for the company, which must handle its labor matters directly with the workers if it wants to recover discretionary margins in the management of its industrial relations...

[Question] And is it your view that the agreement of 22 January has reversed this tendency?

[Answer] Let us talk in concrete terms. After months of total paralysis, negotiations have been unblocked; they have, however, taken on entirely new

characteristics with respect to the past. New characteristics that are having trouble asserting themselves owing to the difficulties and cultural resistances they are encountering in a substantial sector of the labor union movement.

[Question] Could you be more explicit?

[Answer] For months and months, the Unitary Federation has been lacerated by a debate that has been as lengthy as it has been unproductive, and that has oscillated between two opposing viewpoints, held--in my opinion--on the one hand, by those afflicted with the syndrome of betrayal, and on the other hand, by those afflicted with that of contrition. In substance, a debate between those who maintain that the difficulties being experienced by the union in obtaining results stem in large measure from the betrayal committed by the leaderships, and those who, pointing out, instead, that errors have been committed, hold themselves disposed to compensation of a kind for damages. Both positions have contributed to delaying the realization that if things have changed--and they have--the change must be taken into account. But they must be taken into account from a positive standpoint, with an updating of strategies to make them capable of responding to the challenge raised by the crisis.

[Question] This need to update labor union initiative, however, has been the subject of debate for many years now...

[Answer] That is true, but always within purely defensive terms of reference. The crisis--the reasoning goes--compels us to defend the gains of the last several years, to defend the worker's real wage, the jobs that the restructuring process are putting in question...and so forth along these these lines. This fails to take into account that where the labor organizations have confined their action to this terrain, devoting it entirely to a defense of the existent, other organizations that, among other things, have defensive traditions and capabilities that far exceed ours, have had to swallow burning defeats. In a crisis phase like the present one, the only way out for a labor union that does not want to see itself reduced to impotence is, instead, through its ability to turn old gains into new gains.

[Question] From the way you put things, it would seem that with this agreement the Italian labor union movement has succeeded in its operation, restoring, in substance, the anomaly that had made of our country a "case" over the past 10 years.

[Answer] Let us say, rather, that with the agreement that has been reached, the leaden pall that has weighed so heavily for over 2 years has been lifted, and that concrete bases have been laid for a process of revision of the policies and role of the labor union, on which the very future of the Unitary Federation will be staked.

[Question] To what bases are you referring?

[Answer] I refer principally to the fact that, for a long time now, the philosophy has taken root that negotiation is not an accounting process but rather a bargaining process. It was precisely by way of political bargaining that the agreement was struck. Indeed, it was by way of many-sided political bargainings: Between union and state, between state and enterprises, between union and enterprises--a system that, in perspective, is the only one that can guarantee a political response to the issues raised by the crisis, and that makes it possible for the union to couple its initiatives on traditional terrain, such as that of negotiating working conditions, with its action on issues such as income distribution, management of the economy, and even that of power relationships within the social structure.

[Question] In practical terms, can we say that the accusations of neocorporatism being leveled at the agreement of 22 January by sectors do not frighten Carniti or the ICFTU, who, on the contrary, appear more decided than ever to press ahead along that road?

[Answer] Let us first make one point clear. For some weeks now, we have seen a general climate of alarm being created in our country over the future of the institutions and political relationships the agreement has brought into question. Berlinguer's speech at Turin, Guido Carlo's objections--I distinguish between them and some other union leaders--are but further indications of this uneasiness. I find it curious, to say the least, that there should be this explosion of polemics, this belated awareness of the corporate nature of our society which has always existed and which has never scandalized anyone in the past. If anything, what needs to be recognized is that until now, this corporate nature has characterized only the relationship between the state and enterprises, assuming different forms from time to time (from customs protectionism to subsidization of the arms industry, even going so far as institution of the system of facilitated credits and of transfers to enterprises).

[Question] Unfounded fears, therefore...

[Answer] I find it hard to understand what can be so ignoble or surprising that, in the face of a crisis that renders increasingly inadequate the traditional formulas for managing the economic processes--note, if you will, what has happened in the United States and in France during the past 12 months--the union participates in the attainment of the fundamental objectives of our national economic policy through a bargaining process that brings about a relationship between distributive variables and the objectives of employment and economic recovery. Aside from the ambiguity of the labels, this talk of neocorporatism, frankly, appears to be the product of a knee-jerk response of conservative nature by political institutions that see in this a criticism of their style and behavior in the current political context.

[Question] But if these are the new givens created by the agreement of 22 January, what will be the new role of the union in the coming years? And what will be the frame of reference in which the debate will take place among the confederations on the future of labor union solidarity, with all that this involves in terms of democracy, independence of action, and so forth?

[Answer] I am quite opposed to the use of labels, because I consider it an elusive method of addressing complex issues such as the one we are now discussing. But to synopsise the terms of reference that must underlie union action in the coming years, I should like to use the term "neocontractualism"--that is, a system of relationships between contracting parties, based on manifold bargaining, which in essence means nothing other than interfacing labor union independence into the decision-making process.

[Question] Can you elaborate further on this concept?

[Answer] It is very simple. In my view, the role of the union in this situation will be to draw up an independent policy of its own and then to set it over against the policies of the other components of the societal structure, in search of a synthesis, of a mediation of contractual nature. All of this assumes a profound change in the policy-making methods of the institutions and in the operation of the state. This solution, in my opinion, is the only possible one; it reduces to concrete terms a whole array of issues on which debate has been as impassioned as its results have been meager in all these years. Let me cite, for example, the issue of governability, which cannot be considered a mere "parliamentary culinary" problem, a problem of shrewd striking of alliances; rather, it requires participation by the social forces in the management of the economy and, in substance, a new institutional contract...

[Question] Does all of this, however, require also a profound change in relationships within the union itself?

[Answer] Definitely: Bearing in mind, however, that all questions relative to the new role of the union, to its unity, and to its ability to draw up an independent policy of its own and to be the mover of change in the power relationships in the societal structure must be addressed on the basis of this rationale. The internal democracy, as well as the solidarity and representativeness of the labor organizations cannot be the product of a mere exercise in organizational engineering. A cultural modernization process of the entire labor union movement, such as we are being compelled to undertake, cannot be brought about by mere cosmetic changes.

[End of interview; boxed insert follows]:

## A Reissue of Rawls

What is neocontractualism? To what thinkers do its new champions owe their inspiration? The present tutelary deity of this line of thinking is certainly John Rawls, a Harvard philosopher, whose principal work, "A Theory of Justice" (first published in 1971, and recently published also in Italy), is stirring up much debate among politicians and intellectuals. Rawls re-states in an original manner a current of thought the roots of which extend back to Thomas Hobbes, a 17th century English philosopher.

Underlying this concept is the idea of a new social pact or contract between citizens and state, that guarantees at one and the same time the right of the individual to a maximum of freedom consistent with the freedom of all, and the possibility of a more equitable distribution of income, power and opportunity, to reduce economic and social inequalities to a minimum. It attempts to lay down a new basis of legitimation for the advanced democratic and representative societies; and to respond at one and the same time to the offensive being waged by the politico-cultural arguments of neoliberalism and to the manifest crisis of welfarism and the welfare state.

Regulatory intervention by the state as well as by the marketplace has proven in both cases, according to this theory, to have very definite limits of effectiveness. It is therefore necessary to establish a new contract between individuals, organizations and the state, that circumvents the shoals of the egalitarian approach as well as those of the individualistic one. This proposal has obviously already attracted criticism from both these opposing shores, thus confirming the fact that this new political philosophy has struck the bull's-eye of the target.

9399

CSO: 3528/127

## EXPORTS GIVEN PRIORITY IN MADRID PLANNING

Madrid DIARIO 16 in Spanish 23 May 83 p 11

[Article by Rafael Rubio: "The Government Maintains Its Goal To Increase Exports"]

[Text] The government is fully aware that the Spanish economy can receive a boost from its exports. But the statistics for January and February 1983 could not be more discouraging; exports dropped despite the devaluation of the peseta in December 1982. Still, senior officials in the Ministry of Commerce continue to stand by their projections that Spain's exports will increase by 5 percent this year. The figures for March 1983 will determine whether this goal is possible or not.

The government knows that the stakes are high in foreign trade, that its economic policy depends on the fact that Spain's products are capable of achieving more beyond our borders, and that imports can be controlled without this leading to a drop of even one iota in our productivity.

The results of the first 2 months of 1983 could not be any more discouraging. Our balance of trade deficit increased twofold compared to the corresponding period of 1982. Despite this, there is no extreme form of nervousness evident in the Ministry of Finance, Economy, and Commerce. No one has even set forth to revise any of the initial forecasts. On the contrary, top officials in the Ministry of Commerce insist that "it is logical to think that exports for 1983 will increase at a rate of 5 percent in real terms," according to the statement by Guillermo de la Dehesa, secretary general in the Ministry of Commerce, to DIARIO 16.

The unfavorable results witnessed in foreign trade during the first 2 months of 1983, despite the devaluation of the Spanish peseta in December 1982, are explained in the Ministry of Economy as a "J-curve effect." This effect would mean that the consequences of the devaluation would not only not be seen in a positive manner in the first few months but would even reduce exports. The figures for March 1983 will definitively confirm or deny this hypothesis and for this reason they are eagerly awaited.

The Ministry of Economy has great confidence in the government bill for regulating export credit, which is slated to be discussed in the Congress next month.

#### Two Estimates

The bill anticipates a system of subsidies to the private banking sector, to savings banks, and the Foreign Trade Bank which covers the differential between the market price of resources and the yield obtained by the financial entity. In any case, the effects of this law will not be seen until the end of the year.

Two projections, according to those in charge of Spanish trade, could be made about the future of Spain's exports. One of them, optimistic in nature, suggests that after an 8 percent devaluation of the peseta in December 1982 and the consequent drop in [export] prices of 8 percent during the first few months of 1983, and given some prospects of more favorable world trade, Spain's exports will see a 5 percent increase in real terms.

The other projection, more pessimistic, would figure the increase in exports at 3.5 percent. This would be a consequence of the fact that the evolution in the next few months would be like that in January and February 1983. Guillermo de la Dehesa considers that the more pessimistic projection would have to be made on the basis of a decline in world trade and a lack of economic reactivation in the second half of 1983, "which is practically impossible if we take into account the latest figures relating to the economic activity of some European countries and Japan."

#### Discouraging Accounts of Spain's Foreign Trade

(major exports in February 1983 and February 1982)

<u>Item</u>	<u>February 1983</u> <u>(in millions of pesetas)</u>	<u>February 1982</u>	<u>Change (in</u> <u>percentage)</u>
Automobiles	14.740	8.197	79.8
Agricultural products	11,860	10.357	14.5
Ships	8.851	1.982	346.6
Refined oil products	8.446	7.459	13.2
Footwear	6.276	6.584	-4.7
Vegetables, plants, and tubers	6.186	6.008	3.0
Spare parts for vehicles	5.233	3.465	51.0
Organic chemical products	5.048	4.106	22.9
Books	3.810	3.827	-0.4
Canned vegetables	3.034	4.097	-25.9
Iron and steel bars	2.750	3.936	-30.1
Hydraulic cement products	2.542	4.452	-42.9
Iron and steel plates	2.502	4.091	-38.8
Vegetable oils	2.179	3.538	-38.4
Wines	2.125	3.220	-34.0
Iron and steel cross sections	1.893	4.115	-54.0

2662

CSO: 3548/421

## CONTINUATION OF INTENSE EEC ENTRY TALKS PLEDGED

Madrid ABC in Spanish 24 May 83 p 59

[Article by Alberto Miguez]

[Text] Spain will continue to negotiate with the European Economic Community [EEC] "vigorously" and bring pressure at the bilateral level so that it may join the Community under optimal conditions, Manuel Marin, the secretary of state for the communities, said yesterday. He also noted that "some countries are establishing an unalterable parallel between Spain's entry into the EEC and its membership in NATO."

In a lengthy press conference, using direct and understandable language (something that is gratifying given the abstract nature of the issue), Manuel Marin recognized that in Europe he heard two kinds of talk about the EEC-NATO parallel. "All the time I was negotiating Spain's community issues at all levels I did not establish the least linkage between the two [EEC and NATO]. But when I accompanied certain ministers or even the head of government on trips across Europe, things were different. I don't believe that it is now necessary to recall the statement of Germany's minister of foreign affairs, Hans-Dietrich Genscher: "How are we going to accept your (Spain's) soldiers if we do not want your oranges?"

Manuel Marin recognized that the government will have to explain things if it continues to uphold the doctrine, official so far, and which could be summed up in this by now typical statement: These are distinct and different issues. Everybody knows, we added, that such a distinction remains more than debatable at these levels. But, Marin, added, this is a question which the Secretariat of State for the Communities cannot clarify and much less solve.

Marin showed himself to be radically optimistic regarding the progress of the Spanish-EEC negotiations. He said that Spain's Socialist administration had fulfilled "some 80 percent" of its negotiating obligations. Only the issues relating to the Canary Islands, because of their Statute, and Spain's position in EURATOM [European Atomic Energy Commission] have not so far been clarified

by the Madrid government. Whether or not we sign the NPT [(Nuclear) Non-Proliferation Treaty]--which is a decision of high politics--will clarify the second issue. The first will be pending up to the month of June.

The delay in the negotiations is due, above all, to the "extreme slowness of the Community's bureaucracy." Marin nevertheless favors spurring the "Eurocrats" so that they may present proposals which, "however harsh they may be, can always be negotiated.

"Definitively, negotiations with the EEC do not hold any mystery," Manuel Marin also noted. "Our cards are on the table and the central problem continues to be how to achieve the reform of agrarian policy, how to solve the issue of our own resources. Because without solving this issue, without increasing the contributions of each member-state by between 1.0 and 1.4 percent, there is nothing left to do. The coffers of the Community are empty."

Even though Manuel Marin did not dare to mention dates--"this is an easy temptation into which I shall not fall," he said--he announced that before the conclusion of the present legislative session the treaty involving Spain's EEC membership may have been signed. By the time Greece concludes its term as EEC president (on 30 December 1983) the final "fringe" questions in the current negotiations will have been solved. And it will be between January 1984 and June 1984, when France holds the presidency, that the decisive issues will be considered, that is, the agricultural and fishing questions which have already been presented through the European Commission and which will undoubtedly be the subject of difficult discussions.

The Council of Ministers, Marin announced, will hold for the first time in the history of Spain's relations with the EEC a meeting with a single agenda item--negotiations with the EEC--which will undoubtedly serve "to coordinate efforts and define a secure strategy with complete clarity." On his part, the Spanish minister of foreign affairs will initiate, following the Community's summit meeting in Stuttgart, a series of meetings with our ambassadors in the European Common Market countries to clarify for them Spain's negotiating strategy before France assumes the Community's presidency in 1984.

2662

CSO: 3548/421

DOGAN ON CREDIT AVAILABILITY, SEE'S

Istanbul CUMHURIYET in Turkish 24 May 83 p 9

[Article by Yalcin Dogan: "Credit Hurdles Removed"]

[Text] To sell or not to sell. To close or not to close. Are they good or bad? While the debates raged, what everyone was waiting for happened: the edict on the State Economic Enterprises (SEE) was published and went into effect.

The World Bank and the IMF, like everyone else, were waiting for the SEE edict. Throughout all the talks of recent months, the two organizations harped on the same refrain: "Do something about the SEE's." Indeed, the World Bank and the IMF cooperated to such an extent in this regard that they "requested" that nothing having to do with the SEE's appear on the agenda for the new IMF agreement to be concluded in a few weeks. The World Bank even linked the credits it would allow Turkey to SEE reform. Credit fluidity might be resumed as soon as the SEE edict came out.

The new edict makes an important distinction among the SEE's. Those operating on "a commercial basis, on the principle of profitability" are called State Economic Enterprises (SEE). Others, such as the Post, Telephone and Telegraph Administration, the State Railways and the State Propagation Farms which "perform a public service for the public welfare," are defined as Public Utilities (PU). The prime factor of the former (the SEE's) is "profitability," while the factor stressed for the latter (the PU's) is "productivity." This kind of distinction in itself points up the basic error of past arguments that the SEE's should "be sold and turned over to the private sector." It recognizes the fact that the state has an important duty in "service." As an economy produces both goods and services, it clearly stresses the difference between the production of goods and the performance of services as far as state responsibility is concerned. It even makes it possible to "go public" at the factory level, at the level of the smallest business operation.

However, regardless of the goods produced and the sovereignty of the rule of profitability, regardless of the services performed and the sovereignty of the rule of productivity, prices of these goods and services will be determined in the marketplace. In other words, there will be no drawing upon Central Bank resources and there will be no state subsidies. Prices will be market prices.

We would think that there would no longer be any problem for either the World Bank or the IMF as regards the SEE's, now reorganized as to both administration and function.

The World Bank held back credits in recent months "owing to the SEE's." The World Bank has a kind of credit called "structural adjustment credit." The bank gives this kind of credit to "countries with troubled economies." Because this is "free use" credit, that is, it may be used as desired, it is highly flexible. Deferral of the "structural adjustment credit" is, therefore, important. Turkey has been receiving this kind of credit since 1980 and should have received a total of \$875 million in various installments, but half of the last installment has been on hold since May 1982. The rationale: "Complications in reorganization of the SEE's."

Now this rationale no longer applies. No complications are now anticipated, neither in the credits mentioned above nor in certain project credits.

8349

CSO: 3554/298

## SALE OF DURABLE GOODS REGISTERS INCREASE

Istanbul CUMHURIYET in Turkish 24 May 83 p 9

[Text] Domestic automobile production rose 44 percent in the first quarter of the year, and sales went up 25 percent.

Sales at factory prices for January through March were 14.8 billion liras in trucks, 8.7 billion liras in automobiles, 5.4 billion liras in color television sets and 3.1 billion liras in refrigerators.

Economic Service -- Some recovery is appearing in the durable consumer goods sector which played such a large role in the vitality of the Turkish economy prior to 1980. Recovery in this sector, hard hit by the high bank and brokerage interest rates that occurred in 1981 and 1982, began early in 1983 in automobiles and includes electric home appliances such as refrigerators and washing machines. Automobile production rose 44 percent in the first quarter of this year as compared to the same period last year and sales rose 25 percent, while the early months of the year were "looking up" for the home appliance industry. Figures for the first 3 months of 1983 show that the durable consumer goods industry, including the automotive, had sales of 53 billion liras at factory prices. This figure means retail sales of 65 billion-70 billion liras.

Automakers' production of 12,342 automobiles as opposed to 10,325 total sales in the first quarter shows that automobile companies are expecting the recovery to continue in the coming months. According to an ANKARA AGENCY report, domestic automobile companies that raised their domestic sales 25 percent also exported 1,073 automobiles in the first quarter.

## ICI Survey

A survey of the related companies by the Istanbul Chamber of Industry [ICI] shows that domestic automotive firms sold 8.7 billion liras in automobiles, 14.8 billion liras in trucks and 4.7 billion liras in buses at factory prices in the first quarter of this year. The same survey revealed sales in the first quarter of 5.4 billion liras in color televisions, 2.1 billion liras in black-and-white televisions, 3.1 billion liras in refrigerators and 1.6 billion liras in kitchen ranges. Color television sales that were around 1 billion liras in January rose to 3 billion liras in March and refrigerator sales at 800 million liras in January exceeded 1.6 billion liras in March, showing that recovery on the durable consumer goods market is steadily gaining momentum.

First Quarter Automobile Production, Sales  
(Number of Items)

Make	Production		Sales		Difference (%)	
	1982	1983	1982	1983	Production	Sales
Renault-12	4,126	6,966	3,624	4,949	69	37
Murat-131	4,199	5,209	4,501	5,252	24	16
Anadol-16	218	167	167	154	-23	-08
Total	8,543	12,342	8,292	10,355	44	25

Sales of Consumer Goods  
(Millions of Turkish Liras)

Item	January 1983	February 1983	March 1983	Quarter Total
Refrigerators	812	593	1,692	3,095
Washing Machines	824	1,057	1,123	3,005
Ranges	387	643	560	1,591
Color TV	1,072	1,306	3,063	5,442
Black-White TV	542	751	776	2,069
Automobiles	2,309	2,757	3,606	8,671
Trucks	4,321	4,672	5,843	14,835
Buses	1,252	1,370	2,111	4,733

8349  
CSO: 3554/298

## HATRY ON POLITICAL, ECONOMIC TRENDS IN BRUSSELS

Brussels L'EVENEMENT in French May 83 pp 38-41

[Interview with Brussels Regional Minister Paul Hatry, Finance Minister in the previous coalition, by Jean-Claude Ricquier: "An Optimistic Minister," date and place not specified]

[Text] Jean-Claude Ricquier: Mr Minister, what is your general impression, as a political man, when he is entrusted with a portfolio whose authority is as little-known as the one you have? You are minister of a region which the national government in fact refuses to bring into being. What impact does this political fact have on the exercise of your functions?

Paul Hatry: The powers of the minister for the Brussels Region are every bit as broad as those of the ministers for the Walloon Region or the Flemish Region. The only practical difference from this point of view is that the Brussels executive is still part of the central government, and as such it has a voice in national decision-making, which is not the case for the other regional ministries. I should say, then, that contrary to what people sometimes think, my authority is broader than that of my regional colleagues. It is, on the other hand, a fact that the Brussels executive has neither legal standing, like the other executives, nor any specific parliamentary control. It is nevertheless held responsible by both chambers; it has a budget of its own which it manages with complete autonomy and without interference by the central government; the growth of its budget is, by law, precisely the same as that of the national budget (the Brussels Region's budget is 6 billion Belgian francs). Lastly, I shouldn't say that the central government refuses to bring this Region into being, but rather that it would like to see a clear-cut approach find a majority in both chambers so as to get going on the Brussels question. There have been ongoing contacts for several months now between French-speaking and Flemish political figures in this connection, and I hope that those contacts will lead to consensus under which Brussels can get what it needs. I would repeat, however, that what is missing in Brussels is a far cry from being as important as people sometimes tend to claim.

Jean-Claude Ricquier: When you look closely at the makeup of the national government, you find that not a single portfolio, with

the exception of the one you hold, has gone to a Brussels politician. What do you make of this ostracism?

Paul Hatry: I don't think this amounts to ostracism, I find that there are 15 ministers in the central government; that consequently a portfolio represents around 7 percent of the total political weight. We are thus only slightly short of Brussels' proper share of this overall balance, since the population of Brussels is about 10 percent of the total Belgian population. I would add that I have on my staff two Brussels secretaries of state, who sit with me in the councils of government. Lastly, if you examine the distribution of authority among the political parties, you will find that for every four Walloon Liberty and Reform Party (PRL) ministers there is one from Brussels, which works out to 25 percent of ministerial responsibilities, and that is a completely satisfactory proportion.

Jean-Claude Ricquier: Ideally, what would be, in your view, the most felicitous solution to what is modestly referred to as the "Brussels Question?"

Paul Hatry: In my view, the Brussels question cannot be viewed apart from the national problem. Since the 1980 regionalization law took effect in 1980, with the agreement of the three major Belgian political families -- and with that of each of their linguistic wings -- the issues involved in managing the state are posed in radically new terms. Men in politics must learn some lessons from this experience of the past 3 years. One of the first of these lessons is, in my view, that several issues must remain in the national domain if Belgium is to be able to go on playing an international role, particularly in building Europe. Our foreign policy, national defense, economic and monetary policy -- whose importance was starkly underscored a few days ago -- must remain the responsibility of the national government. I should add that in my view, and here again for primarily international reasons, the same must apply to industrial policy and energy policy. Having said that, it seems to me that the Brussels question is, on one side, cultural -- and hence linguistic -- and, on the other, economic in nature. And right now, the economic situation is suffering because these cultural problems have not been dealt with. When the present government was formed, in December 1981, it was necessary to move immediately to remedy the frightening decline in our economy, our public finances, and our currency -- which was the fruit of several years of non-government. ... As a consequence, nobody wanted to interfere with Prime Minister Martens in these vitally sensitive actions by further burdening him with finding a solution to the Brussels situation.

Well, what should that solution be? For my part, I think we must find some formula for democratic representation for all the people of Brussels and, at the same time, provide the guarantees the Flemish are asking for -- being a minority in Brussels and a majority in the country -- so as to keep the capital as the meeting-

place for our two great communities. I am working very hard at finding a solution along these lines and I think that, once it is found, the economic problems of the country's central region can be solved far more easily than in the present state of affairs. Brussels has unquestionably made a major sacrifice in not demanding that its status be completely defined; and it refrained because the higher interests of the country were involved. The government's current economic and financial policies are moving in the right direction. That direction has met with widespread approval by interested international bodies, and it would be to our advantage to make this more widely and more clearly known. That leaves the Brussels problem: I sincerely believe that Brussels will have a real chance of becoming a region once the gravest of our economic problems are behind us and if we find a way to settle the cultural conflicts that have arisen. For that matter, I find that when there is no election in the offing, a great many Flemish politicians will admit that considerable progress has indeed been made in this area.

Jean-Claude Ricquier: You actually find there has been a change?

Paul Harty: I'm not the one who found it. As for myself, I have always felt very comfortable in Brussels. But those who criticized the Brussels attitude a few years back now feel that things have indeed changed for the better...

Jean-Claude Riquier: I can imagine that the extraordinary complications in the new Brussels institutions are not making your job any easier. From this angle, do you feel that it might be wise to fuse the metropolitan area (Agglomeration), the Regional Development Corporation (SDR), the Regional Investment Corporation (SRI) the Intercommunal Bodies, and the Cultural Commissions -- or even the communes themselves -- into a single, centralized structure?

Paul Harty: Obviously, these are institutions with very disparate missions. At the time the 1980 State Reform Act was passed, the idea was that, from the fiscal point of view, for example, there would be only three layers of government: the state, the region, and the communes. Yet here in Brussels we have, in addition to those other governments, the Agglomeration, which under the law should have no taxing powers. And in addition, to my personal regret, we have had to restore the taxing powers of the provinces. Which means that in Brussels we have to deal with a veritable cascade of tax structures, which is so complex that it will very shortly become absolutely necessary to conduct a thorough institutional housecleaning. For the time being, there is no accepted doctrine in such matters. Yet I believe that we shall have to start with a wholesale shake-out of the laminated authorities of the Agglomeration and of the Intercommunal Bodies. As for the SDR and the SRI, I think it would be best to confine them to different and clearly defined fields of action, so as to avoid the kind of overlapping we found in Flanders and Walloon.

avoid the kind of overlapping we found in Flanders and Walloon. I hasten to add that the Brussels SDR has thus far been extremely cooperative in establishing industrial parks for industries specializing in research, whereas when we examined the Walloon SDR portfolio we found practically nothing but lame ducks... As for the two Cultural Commissions, they are provided for under the constitution: which means that they will survive, particularly since, in cultural circles, there is agreement that they do a good job. Perhaps all we shall have to do is simply change the political entity to which they are responsible.

Jean-Claude Ricquier: What is your reaction to the Flemish determination to make Brussels the capital of Belgium?

Paul Hatry: I really can't see what Brussels could stand to lose if the Flemish were to move the headquarters of their institutions there. What scares me far more than that eventuality is what certain political circles refer to as "skimming" Brussels. So I should greatly prefer to see some institutions picking Brussels as their headquarters to seeing others leave town. Our city has not become less Belgian because NATO has moved in with us or because the European Economic Communities' commission has its permanent seat there.

Jean-Claude Ricquier: Does the mateyness between Brussels and Walloon look to you like the foundations for the future capital, or do you see it as an artificial construct while is needlessly aggressive toward Flanders?

Paul Hatry: I think we have to leave it up to the citizens of Brussels themselves to pick their allies. But, as I see it, no solidarity, matey though it may be, ought to come on like a war machine against anybody. Having said that, I find that the Brussels-Walloon bloc has not always served Brussels interests well. That is the case in the distribution of commune funds, where that bloc solidarity worked solely in favor of Walloon.

Jean-Claude Ricquier: If you wanted to increase Brussels' attractions as an international city, what would you say were the most urgent steps to take?

Paul Hatry: The citizens of Brussels must first of all improve their city's hospitality qualities. Material qualities, such as hotel space, international communications -- for individuals as well as for culture -- ways of getting around the city to make sure that Brussels is not subjected to the horrendous traffic jams of the great metropolises -- like Paris or London -- where the slightest trip inside the city is sheer torture. We must also simplify the procedures for moving here: consider, for example, the incredible amount of red tape needed to settle in France. We must also respond to the criticism we hear in Brussels. It is all too obvious, for instance, that the city's urban planning

has been neglected in recent years. We have to put a stop to this deterioration. Let's get the city back on its financial feet again, too. Let's free the communes of their current deficit, and of the burden of indebtedness that, in the final analysis, is really not their responsibility.

Jean-Claude Ricquier: Don't you feel that overtaxing middle-management people plays some role in the bankruptcy rate, because that tax burden is such a disincentive to them?

Paul Hatry: Ah! There I am with you all the way. Middle management people are the flesh and blood of our businesses. They are the ones who will succeed or fail in getting our economy rolling again. And yet, they very quickly reach, well before the peak of their careers, tax brackets that are nothing short of vexatious, not to say confiscatory, which leaves them with earnings wholly out of tune with their level of responsibilities. I am keenly aware of this. Unfortunately, you have to tailor your policy to your pocket, and the government right now is in no position to lower the taxes on middle management in order to raise the level of these people's net earnings. If, 2 years hence, our budget reforms have succeeded, we shall be back at the European mean for budget deficits and we can take some steps in this area. I also recognize that by cancelling the 10,000-franc abatement for professional expenses, we made middle management people the first victims of this measure which enabled us to fund the family dependent exemptions. But, I repeat, we shall not be able to take up the middle-management tax problem unless our plan to restore the health of our national finances succeeds. I trust that then the joint filing and distribution of spouse incomes will return to the expansion I began in 1980 as Finance Minister.

Jean-Claude Ricquier: On the political and psychological levels, is your position in the councils of government any different from what it was when you held the Finance portfolio?

Paul Hatry: I should certainly not have said in 1980, as my successor, Mr Robert Vandeputte, did later, that as Finance Minister I had no powers at all. I found, on the contrary, that those powers were very real. If some ministers found it impossible to exercise them properly, the reason was the total discontinuity in the coalitions that succeeded one another at the time. That power vacuum was thus attributable far more to the games the political parties were playing in Parliament -- and outside it -- than to any organic weakness in the government. The really big difference between the 1980 government and this one is that this one is a real team, that ministers work together instead of fighting, and that our program is constructive instead of a collection of platform planks that cancel each other out, as was the case in the 1980 three-party coalition. On the other hand, as one of 15 national ministers, I can speak out on any subject whatever on a footing of equality with all my colleagues. The Minister

for the Brussels Region is in no way confined to matters having to do strictly with Brussels. Since people are kind enough to grant me some competence in economic, social, or energy matters, I take a hand in those areas and suffer no ostracism whatever.

Jean-Claude Racquier: Are you a happy minister?

Paul Hatry: The responsibilities of the present government are fundamental. And even so, I worry sometimes. I think, besides, that it is better to be a worried minister than a happy one. The overall economic situation is difficult. And not only in Belgium. And on the other hand, Brussels' place in the remodeled Belgian state is not yet fully established. On that score, we still have a lot of battles ahead of us. I am an optimist by nature, but I am not alone in the knowledge that these fights are not going to be easy ones...

6182

CSO: 3619/69

## ATTEMPTS IN FINLAND TO CHANGE PAASIKIVI-KEKKONEN FOREIGN POLICY HIT

LD202047 Moscow in Finnish to Finland 1530 GMT 20 May 83

[Commentary by Anatoliy Antonov: "Enemies of the Paasikivi-Kekkonen Line"]

[Text] As a result of the writings of Max Jakobson, director of the Economic Council, and some of his ideological friends in the paper 'USSI SUOMI', which is close to the national coalition party, the recent meeting of the Finnish Club in Helsinki was transformed into an ideological training field to change Finland's present foreign policy line. It is not possible to describe otherwise the thesis prevalent at the club meeting concerning the disappearance of the Paasikivi-Kekkonen line. Max Jakobson tries to contrast the present president's line with the line of the previous president, and to interrupt the continuity of Finnish foreign policy, which has been its permanent characteristic.

Jakobson and his followers claim that the expression "Paasikivi-Kekkonen line" is no longer in use and that representatives of the Soviet Union have been the first to stop using it. This is nothing else than an evil-minded foreign political provocation aimed against the national interests of the Finnish people. Jakobson and his supporters would like to give up both the name and contents of the Paasikivi-Kekkonen line. In practice this line has not disappeared. On the contrary, it continues to strengthen. It is sufficient in this context to glance at the latest Soviet-Finnish communique, signed in Helsinki after the visit of Soviet Premier Nikolay Tikhonov. It is to be supposed that Jakobson has not read it. In this communique both sides express their high appreciation of Finland's foreign policy line as being the Paasikivi-Kekkonen line. President Mauno Koivisto has several times quite clearly referred to the continuity of Finland's foreign policy under his leadership.

Finland's relations with the Soviet Union are of primary importance, the president stressed, when he received the Soviet premier in Helsinki last December. These relations created the preconditions for the development of good and friendly relations with all other countries. This doctrine continues to be the basis for the foreign policy line, known today by the name of Paasikivi-Kekkonen line. During my presidency Finland will consistently follow this line.

What else can be said against this background of President Koivisto's words if we think about Jakobson's prediction of the disappearance of this line? All this is well-known, and if Jakobson prefers to close his eyes to the facts he does so with the clear intention of opening the way to opinions existing before the Paasikivi-Kekkonen line. These were above all, the anti-Soviet opinions of Tanner, Erkkö and Cajander. It seems that these opinions ought to define the situation in present-day Finland, all of which reflect the efforts of the right wing forces of the country. In this respect the meeting of the Finnish Club confirms the activation of the right wing forces in Finland, who are against friendship and cooperation with the Soviet Union. The plans of these forces must not be underestimated, because they are aimed against the principal content of Finnish foreign policy. On the other hand, it is quite clear that the majority of the Finnish people support their leadership in its consistent implementation of the Paasikivi-Kekkonen line, because this line alone accords with Finland's national interests.

CSO: 3617/134

## JOXE, LAJOINIE ON PSF-PCF-GOVERNMENT INTERACTION

Paris LE MONDE in French 22/23 May 83 p 13

[Discussion between Pierre Joxe, president of Socialist group in National Assembly, and Andre Lajoinie, president of Communist group in National Assembly]

[Text] What are relations like between the Socialist and Communist groups in the National Assembly and the administration? For many reasons, the question is of current interest. Most of the preliminary "contributions" to the Socialist Party Congress, which have fostered a public debate for several weeks now, are giving consideration to this almost existential problem of the PS: how to be a government party without being an "old shoe" party? Paradoxically, the Communist Party enjoys greater freedom of action. It recently demonstrated that it could criticize, indeed refuse to lend support, without its position jeopardizing the existence of the parliamentary majority. It is in parliament, in fact, that the problem of relations between the leftist parties and the government periodically arises. Mr Pierre Joxe, president of the Socialist group, and Mr Andre Lajoinie, president of the Communist group, discuss this subject.

How can it be that the present leftist government sometimes uses--like its predecessors--restrictive procedures contrary to the will of its majority? It is true that--unlike its predecessors--it does so sparingly. But didn't candidate Mitterrand announce his intention to "restore the rights of parliament"?... What is new in this regard since 10 May 1981?

And what about the relations of the majority and the minority, that opposition which, in the opinion of Messrs Joxe and Lajoinie, is increasing the "obstructive moves" in the legislative process? Is it necessary to further regulate the right to make amendments?

The powers and obligations of the Socialist group and the Communist group, in any case, are not identical. The Socialist group is naturally closer to the government and thus more closely associated with the preparation of draft laws. Mr Lajoinie can only note this fact: there are partisan relationships among the Socialist deputies, the president of the republic and the prime minister. But a decisive responsibility goes along with such ties. As Mr Joxe points out, if the Socialist deputies refrain from making decisions, the right will make them.

[Question] Is there joint work, coordination between the two groups of the majority?

Pierre Joxe: We are two groups, the parliamentary manifestation of two different parties. We need coordination less than others because an enormous amount of time has been devoted to routine discussions between Socialists and Communists for 10 years. We have had experience in formulating, and then in debating and implementing, a joint government program. In general, in relation to the projects of a government of leftist unity carrying out the majority platform, we have had no trouble in rediscovering what makes up our program.

It is only when there is a problem of special importance, or sometimes unexpectedly, that we coordinate our actions. It has sometimes happened, at the start of the legislature, that we meet to examine this or that issue. My group's officials, on the commissions, also have standing instructions, in the event of a problem, to find out the reason for that problem with their Communist-group counterparts. Thus there is no joint work, but parallel work on a broad common basis.

[Question] In the case of identification checks, for example, was there coordination between the two groups?

Andre Lajoinie: That was a one-time occurrence which did not result in coordination. That Socialist amendment had also been submitted rather late in the debate on the bill. Our position also proved to be correct, since we achieved a good text.

We are two groups that have pledged, in the agreements among parties, particularly that of June 1981, to work within the framework of the majority to carry out the commitments made. We therefore have a framework; but we also have our originality, which is creative.

The commissions themselves are the institutional sites of coordination. That is where dialogue takes place. It is not desirable for coordination to be developed prior to the work within the commissions or in public sessions. It would almost be dangerous, and debilitating to legislative debate, for debate to take place within a kind of majority supergroup. The advantage of parliamentary debate is that it is public, accessible to everyone, and that it enables people to observe how laws are made.

Pierre Joxe: Among Socialist deputies, there is a very clear awareness of belonging to a political majority of leftist unity. The Socialist deputies are, in themselves, a majority in the National Assembly; you can well imagine that their behavior is in keeping with that fact. But I note that they take into account the common basis defined in our programs and the development of opinion among the left. They often give consideration to discussions which they hold with members of the Communist group.

[Question] Could you cite some examples of amendments proposed by the Communists and adopted by the Socialists?

Pierre Joxe: First of all, there are many instances in which Socialist and Communist deputies have the same ideas regarding amendments. Secondly, it is true that in a number of cases the Communist deputies support amendment proposals with which the Socialists do not agree. If we went into the details of the legislative process, we would undoubtedly find several dozen cases of disagreement on minor issues and a limited number of differences on important ones.

[Question] What is your view of the Socialist group's position concerning your proposals?

Andre Lajoinie: That's hard to say. We consider the amendments of the Socialist group, just as they consider ours. Obviously, it sometimes happens that Communist amendments are rejected. That's part of normal legislative debate.

[Question] Do the Communist deputies have greater freedom of action than the Socialist deputies in relation to the administration or should their decisions of abstention be considered snags in the majority agreement?

Andre Lajoinie: They are not "snags." The positions of the Socialist and Communist groups are not identical. The Socialist group is a majority in itself. There are times when it puts restrictions on a bill and the government finds itself in a situation of having to withdraw its bill. Our possibilities are different. The deputies have the right to make amendments and they have the right to vote or not to vote.

Until now, we have abstained on texts such as the audiovisual bill. This was not a split in the majority, nor a break in the commitments which we made or the agreements that have been concluded. There are also cases in which the Socialist group has placed restrictions on a bill, whereas we were in favor of it.

Pierre Joxe: The positions of our two groups are not symmetrical. If the Socialist group abstains from voting on a text, it is the right which makes the decision, whereas if the Communist group abstains from voting on a text, which can be a demonstration of differing opinion, that does not prevent the text from being adopted, since it is the Socialists who make the decision.

The ability to express opinion through voting is therefore different for the two groups, but in some respects our ability is greater, since we have a majority in the National Assembly. Secondly, the prime minister and the president of the republic are Socialists. It is understandable that the Socialist group feels more directly responsible in the parliamentary process: when the Communist group expresses views different from those of the government, the "independent position" of that group is mentioned; when the Socialist group takes a position different from that of the administration on issues that are sometimes very important, there is immediate talk of a crisis. I also find that to be rather incorrect, but that is the way things are.

[Question] Then this independence of the Communist group--the expression is that of Mr Georges Marchais--you recognize it?

Pierre Joxe: It is normal. We are in an alliance together.

The prime minister is a Socialist. Thus partisan ties exist between him and us. Each of us does not solely have a parliamentary life. We are also party members and officials. We therefore have relations, within the party, with members of the government, in the same way that Communist deputies have partisan relations with government members who are Communists.

The positions of the Socialist group, its wishes or its disagreements, can be expressed through discussions and meetings which are held frequently and which, in several cases, have led the government to modify or even to withdraw certain bills or provisions. Regarding the democratization of public corporations, a rather long discussion was held with the government: we reached an understanding. Concerning tax credits, in the 1983 appropriations bill, there was disagreement from the outset: the bill provided for a kind of reorganization of tax credits; we were against it. The government finally withdrew that provision.

[Question] Is this characteristic of the Socialist group? At the time of the vote on regulations, we witnessed similar coordination between the government and the Communist group ....

Andre Lajoinie: Yes, we do have relations of this type, but obviously there is a difference. In the case of the regulations, the government attached importance to discussion with the Communist group. We appreciated that position, which produced results, even though we consider them insufficient and are maintaining our restrictions on both procedure and content. We coordinate with the government to a certain extent.

[Question] Are you satisfied with that?

Andre Lajoinie: Everything can be improved .... It is undeniable that between the Socialist group, the prime minister and the president of the republic, there are partisan relations which do not exist with the Communist group. We have no judgment to make of those relations. We want the government's relations with the Communist group to be the best possible.

Pierre Joxe: We also expressed our views in that debate. The action taken in the name of the group did not go unnoticed. This definitely shows that there was a problem, which was expressed differently in the two cases.

But the Socialist deputies, a majority in the National Assembly, feel they have a special responsibility. We are obliged to exercise extreme care in examining legislative texts. If we don't have the time to examine a bill in detail, then such an examination will not be good, or possible difficulties will be detected only at the last minute and will emerge as a crisis factor between the government and the Socialist group.

That is why, for a very long time, I have been calling the government's attention to the absolute need to observe a fairly long waiting period. This is even more necessary in our case, since we have a process of internal

debate within the group. We have a rule that is in the tradition of leftist parties; this rule is that of voting unity. It implies great internal democracy: voting unity cannot be established within 5 minutes; it requires a debate that is carried to completion.

[Question] Do you feel that the working conditions of members of parliament and respect for the rights of parliament have improved in the last 2 years?

Andre Lajoinie: I believe that the start of better consideration for the rights of parliament has begun. For example, we have been able to establish a parliamentary commission of inquiry on the SAC [Civic Action Service]. And based on our conclusions, the government has banned the SAC. This is also true with regard to the legislative program, because beyond form, content must be considered, i.e., the popular measures which parliament has adopted. Nor can it be said that the opposition has been bullied: it expresses itself freely, sometimes immoderately in certain debates. Such was the case, in particular, during the debate on nationalizations.

[Question] Are you in favor of modifying the conditions of the right to make amendments, to limit it?

Andre Lajoinie: We are cautious concerning limitation of the right to make amendments. However, there are measures which can be taken to prevent obstructive moves, which do not add to the prestige of either parliament or those who have recourse to it.

It is not in the interest of democracy in France to have parliament held up to ridicule. But when there are a hundred amendments that say the same thing, that makes parliament look ridiculous.

I recognize that it is possible to improve the working conditions of deputies, particularly concerning the preparation of legislative texts. Time is needed, in fact, so that the group's can hold adequate consultations on this or that text. We, the Communist group, would like to be included more in the original development of draft laws. Debates on current major problems should also be more organized. There is still more to be done to upgrade parliament's role, which the constitution of the Fifth Republic reduced.

[Question] Mr Joxe, do you think that progress can still be made toward rebalancing the powers between the administration and parliament?

Pierre Joxe: I voted against the constitution of 1958. If there were a new referendum, I would vote against it again. Among the reforms currently needed for the political, economic and social life of France, constitutional reform is not the most urgent.

[Question] And the regulations?

Pierre Joxe: There are two cases of resorting to regulations. In the most recent case, it was a question of cyclical economic measures: I was cautious, on principle, but I recognized that such a procedure could be justified

in that instance. In the first case, I was also skeptical as to the effectiveness of the procedure for gaining time and achieving better texts.

Before, I was cautious; but afterwards, I was convinced that I was right in being cautious, because no time was gained and the texts proved to have numerous flaws. If this procedure had not existed in the constitution, the government would not have been tempted to use it. In the case of retirement at age 60, reduction of working hours or limitation of concurrent employment-retirement, better texts would have been developed through a normal procedure.

[Question] When the government commits itself to an amnesty bill, does that fit in with a political rationale or is it only an "institutional commodity" applied to you?

Pierre Joxe: I don't intend to express my opinion at this time concerning that episode. I will do so one day, because some aspects of it are still unknown today, but I believe that the disparity of procedures demonstrated, under the circumstances, a certain lack of understanding on the government's part about the way in which the Algerian war, the OAS [Secret Army Organization] and the dangers to which the republic's institutions were exposed at the time, were perceived by the men of my generation.

[Question] Then let's talk about procedure .... In the government's case, doesn't that boil down to accepting responsibility for a decision and relieving members of parliament of such responsibility?

Pierre Joxe: The PS, at different times, has expressed categorical disapproval of that procedure....

Andre Lajoinie: I reject the idea according to which the government would take on a "dirty job" to relieve parliament of it. We were against both the content and the form, i.e., the procedure used. Thus there was a real difference of opinion with the government on this issue.

[Question] But at the time, that was perceived as a means of getting out of a deadlocked situation without creating a major political problem ....

Pierre Joxe: A major political problem was created ....

[Question] Let's take another example: The threshold beyond which subsidiaries would be involved in the public sector's democratization plan. In this instance, it was the administration's preeminence which made it possible to cut short an internal debate within the party and within the Socialist group ....

Pierre Joxe: Not at all. What came into play was the impossibility, for those who wanted to reduce the scope of the law, of advancing political arguments and the weight of the arguments submitted by the Socialist deputies in favor of democratization being applied upon crossing the threshold of 200 employees ....

[Question] It wasn't the president of the republic who went against the government's opinion?

Pierre Joxe: I am not going to start revealing today whatever positions the president of the republic may have had. But what I am sure of, is that there were, on one side--that of the Socialist deputies--good arguments, and that on the other, there were no arguments at all.

[Question] Doesn't what happened concerning the reform of medical studies pose the problem of coordination between members of parliament and the respective parties involved?

Andre Lajoinie: Experience shows that a text which has been the subject of a public procedure, i.e., which is referred to parliament, is better, in the final analysis, than a text directly issued by a ministerial department, as in the case of the regulations. With regard to medical studies, it should not be forgotten that, in that instance, there was obvious exploitation by the right.

[Question] But you yourself, at the time of developing that text, did you coordinate with student organizations or teachers' trade unions?

Andre Lajoinie: Yes; we had also submitted amendments that would have softened certain provisions somewhat, as in the case of the "classifying and validating" examination. I'm not saying that would have prevented what happened, because I am still convinced that this movement has other origins.

Pierre Joxe: I also think that, in this instance, the law is a pretext. Certain quarters want to put pressure on the government in order to oppose a democratic development of the health care system in France. As for the guideline law on higher education, which was the subject of very broad coordination, it should have been widely disseminated very quickly. That would have prevented many students from being misled. But I'm not making any comparison at all between the mass of students and a few handfuls of far-right students, who also are often students who study very little. Nevertheless, it is true that there was a lack of information, on the government's part, concerning the law's content. The information problem of certain media and, in particular, of television--which, I point out again, is a public service--is very great. How many minutes has public television devoted to reporting on demonstrations, with necessarily disturbing pictures, and how many minutes have been devoted to really describing the draft law? The disparity is striking!

[Question] Based on what you say, I get the impression that after each report on demonstrations, television should reexplain the text's provisions ....

Andre Lajoinie: That explanation has not really taken place. But the university's actual situation should have been presented first, and in particular, the fact that 50 percent of the students entering the university leave without graduating. And that 50 percent often includes students whose social

backgrounds are the most modest. The current selection process eliminates those students! And that 50 percent, which leaves the university without graduating, does not demonstrate in the streets! We are not talking about them! Quite simply because they are in the process of finding a job! If all that had been explained, it would probably have reduced the number of students who got involved in that affair.

[Question] A problem of communication on the part of the government?

Andre Lajoinie: On the part of the government and the public media as well. The public media have obligations to the government and the population.

[Question] So then, are television reporters journalists "like any others" or not?

Andre Lajoinie: I believe they have special obligations. I do not completely put them on the same level as journalists of a party newspaper.

Pierre Joxe: My belief is that television reporters are journalists like any others. But the problem has less to do with journalists than with television news reporting.

Television has resources--with public backing--which could be used to also make it an exceptional tool of civic education. It can use images, film, graphics. Only television can affect the general public in this way. The problem is finding out what different televised reporting would be like, reporting that would not only employ the facility of commentaries. It is for journalists to think about this.

11915

CSO: 3519/515

## KRASUCKI ON CGT RENEWAL, EXPANSION, PLANS

Paris L'HUMANITE in French 6 May 83 p 7

[Interview by Claudine Ducol with Henri Krasucki, secretary general of the CGT: "The CGT Gets Its Feet Wet--Henri Krasucki Explains the Collective Effort Started in the Organization to Build the CGT of Today"; date and place not specified]

[Text] In a series of articles in LA VIE OUVRIERE that he is going to continue and that is entitled "Let Us Cultivate Our Trade-Union Garden," Henri Krasucki, secretary general of the CGT, is taking part in his organization's collective effort to "shake out the dust." What is clearly involved is the building of the CGT of today while at the same time coping with the events and responsibilities of the moment--an initiative that was started at the cgt's 40th congress, was continued at the 41st, and now needs to be more concrete.

We asked Henri Krasucki to lift the veil on this "alteration" that is overturning so many habits within the organization.

[Question] Henri Krasucki, one of your articles recently published in LA VIE OUVRIERE began this way: "Viewed from a long distance away, the CGT is not bad.... Seen from closer up, the landscape is far more contrasted."

What is it that justifies this desire to scrutinize the state of the trade union and its activity almost under a microscope?

[Answer] We have undertaken an effort of broad scope, I would even say a struggle with ourselves, a collective one, to build the CGT that is now needed and therefore also to correct and change what it has to be.

We held our 41st congress a year ago now. It was a congress of openness, a congress without complacency about ourselves, continuing the spirit of the preceding one.

But one cannot be content with noting a certain number of things at one congress after another. Action has to be taken. We have undertaken to carry out the mandate of the congress.

[Question] What is motivating this transition to action?

[Answer] We find ourselves in an exceptional era and situation. There is a chance--in the sense of an opportunity--to do something new in France--that is, to commit the country to a path that leads out of the crisis and to accomplish great transformations in French society. It is difficult, complex, and it is taking place in an acute class struggle.

In a situation of this kind, the weight of the workers' action is decisive for counterbalancing the pressures of the forces of internal and external reaction, but also for counterbalancing the fragilities that exist in the left and that the CGT called attention to from the beginning 2 years ago.

It is a weight that is necessary for going ahead positively.

Now the rôle of the workers, their intervention, their expression, can be conceived of only if they are massively organized. We must have the CGT for that time.

We have won some important rights. And also a more favorable relationship of forces. It is necessary to use these rights for a normal trade-union life in the enterprises.

[Question] Isn't the CGT therefore up to the new possibilities? Changing habits sometimes takes time, and it seems that you have decided to move fast. Why?

Some Real Defects

[Answer] Just as we feel a legitimate pride in what the CGT has been capable of doing over the long years of difficult struggles, under conditions often painful, notably because of the repression, so must we see clearly that there are some real defects.

We must not be afraid of correcting them. It is entirely necessary to do so, and to do it fast.

The workers have a certain idea, and a good idea, of the CGT, of what it should be. They are aware of the shortcomings.

It is a sign of confidence to say to them frankly and openly that we are aware of the fact that things are not going right. And we are going to correct and build together the CGT trade union that is needed today.

We need it now and fast, because the struggle is going on now.

A Spring Cleaning

We have undertaken a permanent and enduring effort, over a long period.

[Question] How are you going to proceed?

[Answer] My articles in LA VIE OUVRIERE are an expression of this effort. But not the only one.

On 7 January we held a working meeting of the secretaries general of the federations, the departmental unions and the regions. On 27 and 28 April we presented an up-to-date report to the National Confederal Committee. We have set up a joint apparatus for activation.

Doing a real spring cleaning, a thorough one, and not just a superficial lick and promise, requires that each organization, each leadership staff, at all levels, put its shoulder to the wheel, without complications and without embarrassment, all the way--that is, to the point of /real/ change and results.

We have to cope with events, with our responsibilities, but we shall do so while at the same time devoting all the effort required--and it is a priority one--to the building of this CGT.

It is not a matter of teaching lessons.

It is an effort in which we are all involved. We are taking our organization as it is, we all feel responsible for what is happening. We are not calling for any accounting, but we are saying: let us do together everything that we have to do.

The Trade-Unionist Is Somebody

We cannot be satisfied with the present membership strength or influence of the CGT, even though it is great. We have already said this at the congress. It is still true, but it is necessary to see things more concretely.

There is no fatal destiny, only a great responsibility, a great labor to be accomplished. So let us get busy on what is up to us.

[Question] What are your lines of thought and action for carrying out this renewal?

[Answer] The first thing is trade-union organizing--that is, increasing the numbers of workers organized in the union.

Too few workers are organized in the CGT. This necessarily poses problems to the organization itself, but also to the workers.

This is an elementary idea, and we are using the language of truth with everyone. Of truth and responsibility. With those who are organized and with those who are not.

Only the workers do not represent any force, even though they are the most numerous. They are a force only if they are organized. This is a constant truth. They cannot rely on others, or count on the effort of the fellows alone. In order to defend their interests--and this is the trade union's No 1 reason for being--and, with all the more reason, in order to count for some-

thing in the solving of the problems that concern the country as a whole, the wage-earners have no choice but to be grouped.

There is also what is up to the organizations and the militants. The first condition in order for the CGT to play its role is that it truly exist, with members and structures.

It is necessary to know how best to make use of the good experiences that have made it possible, through the trials, to build the CGT: working methods, time, forces really devoted to organization, to recruiting, to relations with the members.

The trade-unionist is somebody, and not just somebody who pays dues. He has taken a considerable step, the first step in social awareness. This gives some rights.

#### Bureaucracy Does Not Happen Only to Others

There is sometimes a narrow-minded attitude that consists in considering the trade union as an elitist organization. But the trade union is the organization of all those who, being wage-earners, want to defend their interests and organize for that purpose. One joins the CGT out of interest, first of all, and not on an ideological basis.

What is a trade union today if it exists only as an isolated force limited within an enterprise?

In the last analysis, in the enterprise as well as on the general level, one has the trade union that one deserves. That is, the CGT trade union that one makes with the workers. What is one's weight vis-a-vis the employers? What is one's weight in the life of the country? Everyone holds a piece of the answer.

[Question] At the rostrum at last year's congress, in delivering your report, you said this: bureaucracy does not happen only to others. Would you say that again today?

[Answer] Indeed. I still say this, and I sign my name to it. There are all sorts of bureaucracy, everywhere. We have ours. It is no better. It is not scandalous to see this and say it.

[Question] It is not scandalous, to be sure; but it sometimes does harm, doesn't it?

[Answer] It is always unpleasant to perceive that one has a defect. It is always generally recognized that there are defects, but the one who is doing harm never does. Is it necessary to continue hiding the reality from oneself, or, on the contrary, to take cognizance of the fact that there are things to be done?

[Question] Does it manifest itself as this bureaucracy?

[Answer] It is first of all the tendency to settle things in an administrative manner. But trade-union action means something very down-to-earth that has to be done with people without avoiding any questions and without multiplying the levels.

Let us take an example. It is not the only one. It concerns the elected officials. These are devoted men and women who generally carry out their mandates conscientiously.

We are not the ones who invented centralization of enterprises, but questions are tending to be settled farther and farther away from the establishments. It is also an employer's method for multiplying the number of meetings.

Because of this fact, too many delegates are not present enough among their electors, the workers. The workers need to see them, and the delegates need to have very close bonds with the workers.

There is a price to be paid for this distancing for the elected officials from their roots. The workers call for payment at one time or another. Is the problem being posed frankly at all levels and in the enterprises themselves?

There is also our organizations' manner of functioning. When something is urgent and concerns the workers directly, one must be able to put it on the agenda fast, to make decisions and apply them. One cannot get along with permanent improvisation, but neither can one get along without taking sufficient account of the concrete exigencies of life.

#### A Commonplace Trade-Unionism

[Question] At the congress, you also pleaded for a commonplace trade-unionism. What does this mean?

[Answer] The trade-unionist is the man, the woman, on the spot. He is among his companions, his fellow workers. He is linked to them simply by being where the work is done, taking an interest in his fellows, their situation, their concerns, discussing, exchanging, taking concern about the problems.

There is sometimes a lot of talk about the great general problems. They are not to be shirked. But in the postal checking-account offices of Paris, for example, the union, consulting the women workers in certain departments, learned that the No 1 question at that moment was to have foot-rests for relieving the legs from a fatiguing posture.

This is not something contrived. It is learned by asking the opinion of those concerned. And the trade union is their organization when it is capable of knowing this, of establishing it with the people and then taking steps to obtain the foot-rests. When one is capable of doing this, one is in a far better position to deal with all questions of broad import. It too often happens that the day-to-day life of the workers is neglected. And this is not the fault of the others. It is our problem.

[Question] The firm rooting of the CGT depends also on taking into account all the specificities of the world of labor. This idea has been summarized in this way: being the trade union of each person in order to be better the CGT of all. What is this all about?

[Answer] In the enterprises and in the different branches, the diversity of the workers is real. Some new phenomena have taken on importance over the past years. They have not always been taken into consideration sufficiently or in time. In any case, we are committing ourselves to do better.

There are first of all the occupational and sociological differences--that is, the evolution of the OS's [specialized or skilled workers] and of the white-collar workers, the place of the engineers and the technicians, the supervisorial people in their diversity, etc.

A great ability to adapt to these realities of trade-union organization, of its structures, of its methods, is necessary. The problem is not solved simply by cultivating what is specific. Neither is it solved by trying to make everything uniform. But the workers of these various categories are certainly grouped better within the same CGT if one discusses with them their concerns, their problems, their interests. They are then in a better position to grasp what is common to them and all the others.

The Trade Union of Each, the Better to Be the Trade Union of All

There are specificities of another kind. For example, the massive entry of women into the world of work. This is a factor of progress, of liberation, but also of transformation of life at work, of collective life and therefore of trade-union action.

Likewise, there arises the problem of youth. It is necessary to listen to the young, to respond to their needs, to their aspirations, to adopt the style, the language and the methods that each generation creates anew, and at the same time, to know how to communicate to them the experience of their own class.

There are 2 million immigrant workers in France. Essentially laborers. In certain enterprises, they constitute the majority, quite simply. It is necessary to combat discrimination, racism. This implies rights and duties for all, French and immigrants, and an effort at mutual understanding.

Retired people are workers who have ended their occupational activity. Many of them were trade-unionists. More, they voted CGT. They have conducted strikes, demonstrations. They have interests to defend as pensioners, but why should there be a break with those who are continuing the struggle of their whole life?

[Question] What adaptations are necessary in trade-union life, then?

[Answer] The members can play a real role only if they are organized. Therefor structures, organizations on a human scale, at the level of the work unit, of the department, the shop, are necessary.

## Peopling the Deserts

One cannot be resigned to the existence of deserts. It is necessary to take measures to people them. They are no less fertile; they are simply lying fallow.

Every worker is capable of acquiring the lucidity that leads to the necessity to organize.

These are the conditions under which the problems of trade-union democracy are really posed. It is necessary to have the means for it. In order for the workers, the members, to feel at home, they have to be able to be informed, to have the opportunity to give their opinion, to participate in the decision-making, to get their feet wet, to take on responsibilities.

Democracy is that first of all. It also means taking the real diversity of the workers into account, creating the conditions for everyone to be able to live together and for that situation to be of some use.

[Question] Isn't this a somewhat idealistic CGT?

[Answer] No. But such a CGT cannot be handed to the workers ready-made. The CGT is the organization that the workers are building, right where they are, with us and we with them. It is by working together that things have to be done in such a way that it is in the image of what the workers think it should be, and rightly so. We, for our part, have to create the conditions that make this possible.

Coping with the exigencies of life, of the situation, of the struggle, defending the demands, pushing reforms, correcting the measures that are not right for the workers, that are contrary to their interests, to the interests of change, playing a concrete role and providing the means for doing so--all these things go together, they are inseparable.

One may not be content with speaking. Taking the trouble, building the CGT--this is a task in itself. It is the business of everyone, constantly.

We have decided to undertake this task. Everything that helps us to carry it out properly is welcome. Thanks to L'HUMANITE for giving us this opportunity.

11267  
CSO: 3519/521

## PCI'S VECCHIETTI'S VIEWS ON PRC FOREIGN POLICY

Rome RINASCITA in Italian 20 May 83 pp 27-28

[Article by Tullio Vecchietti on Chinese foreign policy in light of his talks with Prime Minister Zhao Ziyang and other Peking leaders: "China Opts for Europe and the Third World."]

[Text] The People's Republic of China still views the United States and the USSR as "hegemonic powers." Its prideful quest for a policy independent of both blocs, but tending to normalize relations in all quarters. Interest in opening up to the European countries and encouragement for their continued cohesion. Search for fairer economic relations in a future of better North-South and South-South cooperation. Need for improving relations with Japan, and concern at that country's rearmament.

For the first time, parliamentarians from the principal Western European nations, under the aegis of the Western European Union (UEO) have made the China voyage together. For China's government and its leaders, this was unquestionably an important event, as it may have been for the European countries as well. (Prudence counsels a shift to the conditional mode.) The fact that I was the sole communist in this select company of British, French, German, and Italian conservatives, Christian democrats, and socialists had its advantages in that it enabled me to write a far fuller account of the trip and to meet with Chinese spokesmen at what was substantially the top level -- something I should not otherwise have dared hope for. I shall confine myself here to reporting on the meetings I had in Peking with high-ranking spokesmen for the government and of China's specialized institutions for international policy and military strategy.

China's overall assessment of the current world situation has only recently been completed and made public. Against the background of a deteriorating international situation, due in large part to the

rivalry between the USSR and the U.S., which the Chinese traditionally perceive as the "hegemonic superpowers," there has been a de facto change. In the eyes of Chinese leaders, it is the USSR which is on the defensive at present, while the U.S. is on the offensive. This is a view that propelled the friends of Thatcher and Strauss into the high places of government. It has not, however, ruffled the traditional composure -- at least in conversation -- of Prime Minister Zhao Ziyang, with whom we chatted for more than 2 hours. In support of this view, he adduced the example of the situation in the Middle East, a key sector in world military and economic strategy, where, if Israel's aggressive policy and the heavy pressure from the United States continue, some of the non-aligned Arab states will be constrained, sooner or later, to ask once more for active support from the USSR.

The rivalry in which the two superpowers are pitted against one another should involve missions of peace and economic cooperation, if not concerted, at least converging, between China and Western Europe. That was an idea which Zhao Ziyang dwelt on at considerable length as he underscored the point that China is not pursuing a policy of normalization with the USSR and the other countries to the detriment of Europe, and that Europe ought, in its own interests, to take a similar tack in dealing with China, not only on theater nuclear weapons, but on the entire reach of foreign and military policy and even on economic cooperation. This approach, however, is not to be found in Europe, or at least it is inadequately represented, for various reasons, among which the prime one stems from the fact that Western Europe is divided and therefore weak, and it is further weakened by its decision to remain in ties with the United States which, objectively viewed, place it in a position of inferiority; the Chinese do not understand the reasons for this at the level of national relationships and interests. Quite obvious, on the other hand, are the ideological reasons, reasons which, according to Chinese leaders, cannot even be called class reasons, precisely because in China it is not class relationships that determine its totally independent relations with the USSR. China in fact opposes Soviet hegemonism, even though both are socialist states. Chinese socialism has its own history and its own particular pattern of development quite different from the Soviet pattern that bears the stamp and the seal of Mao, primarily. Nobody in China, however, is ignorant of the fact that the Soviet revolution and the Chinese revolution have common Marxist and Leninist ideological roots.

China would share several priority policy goals with Europe: to halt the nuclear arms race, to reduce the numbers of nuclear weapons, and to extend this reversal of course to conventional weapons as well; to encourage, in theory, the Geneva negotiations on the Euromissiles and strategic nuclear weapons, but to be wary lest the agreement, if one is reached, be used to stiffen the hegemonic policies of the superpowers. The record shows that the

cause of peace and the policy of detente and normalizing international relations must be applied globally, albeit adapted to the specific conditions of the world's various continents and nations. Europe cannot remain an oasis of peace while the rest of the world is racked by local wars and acute political crises which, even when they are local in origin, wind up being used by the "super-powers' hegemonic policy," and hence to spill over into Europe itself. Hence, while Western European unity is an issue that concerns the European nations, China has an interest in encouraging it, because that unity would, among other things, create a valid interlocutor in economic relations, restoring balance to the present situation in which the United States and especially Japan are grabbing the lion's share.

There is also a specific problem which -- still according to the people we were talking with -- should push Europe toward uniting. Europe's security today is rooted primarily, if not wholly, in its military alliance relationships with the United States, which in addition to everything else, is not secure: if [Europe] were to unite it would possess, with the strength of its unity, an independent foundation for its own security. A stronger and united Europe would constitute a force for stability and peace, and could thereby play a role, with the help of China and the Third World, which they do not have today but which, in spite of everything, they will eventually obtain.

In the Chinese view, the hegemonic role of the superpowers makes the USSR and the United States a globally pervasive "danger," which however varies over time and from one region to another. Now the United States is more aggressive in the European sector, in Latin America, and in the Middle East, while the Soviets' ambitions in the Asiatic sector give rise to far more serious concern.

This is the context in which China seeks a meeting with Europe. To a question from a conservative parliamentarian, a rightist as only friends of Thatcher and Strauss can be, as to why China does not side with the Western world and, in that world, with Europe against the USSR, the curt reply of the top Chinese leaders was that China's foreign policy is not yet properly understood in Western Europe. And yet it is quite clear: it is a policy of independence toward all, the prime minister told us. China does not and will not side with either of the superpowers, nor yet with any group of states which adopt goals other than that of containment of both superpowers. The hoped-for and desirable convergence with Western Europe, in addition to the complementary nature of their economies (Europe needs the Chinese market, and China needs European technology, as Zhao Ziyang said, and as the Chinese Foreign Minister and Foreign Trade Ministers repeated), it would be advantageous were China and Western Europe to coordinate their efforts to shatter the hegemony of the superpowers. A reply very similar in tone came to a question as to why China did not take adequate steps to confront the "Soviet military threat," which

the questioner indicated hung heavy over the Sino-Soviet border. There is no such threat right now, nor is there likely to be a material threat in the near future: were this to happen, in the distant future, we shall be ready to take the necessary measures, we were assured by the high Defense Ministry officials.

Actually, what seems to me to be really new in Chinese foreign policy stems from the fact that China's independence and economic development are bound up with a restoration of balance and a normalization of its relations with all the rest of the world.

These objectives take priority over all others. Relations with the Third World today have intensified on realistic foundations, by which he meant allowing for the fact that China, as the prime minister said on his long trip through Africa and repeated to us, aims at encouraging formation of a Third-World non-alignment force, at discrediting the Castro theory that the USSR is the natural ally of the Third World, deplored both American imperialist meddling (that is a definition which, insofar as regards the Third World, is making the rounds again) as well as Europe's persistent neocolonialist policies, and also opposes, albeit with only limited aid, Soviet hegemonism in Afghanistan and in Kampuchea.

The government is nevertheless aware of the realistic limitations of this policy. With its billions of Asian citizens, China could legitimately aspire to take its place as head of the Third World, but refrains from doing so both out of respect -- they said -- for the principles of equality and equity in South-South relations, and -- I believe -- out of the realistic Chinese awareness that they do not have the material means to do so, particularly in relation to the portion of the Third World which has no oil resources or raw materials, and which would require massive aid which China cannot now or in the immediate future afford to give them, as the authorities in charge of economic planning themselves assert.

That means that normalization in international relations is just as important as it is in domestic relations. This is the origin of the true, real, priority which China assigns to relations with Japan, which has shifted from its old place as natural foe to a new one as natural and principal interlocutor, particularly in the economic field.

China recognizes Japan's right to limited rearmament, but deplores the militaristic tendencies newly apparent in certain Japanese circles which are of particular concern today because they can influence the current Tokyo government. This, though, is not only a Chinese problem. I have found that Japanese militarism raises the ghosts of recent experience that frighten all the nations in Southeast Asia, no matter what sort of governments they may have. Japan's economic expansion cannot, therefore, coexist with militaristic throwbacks in any kind of harmony.

Let me explain that a little. Even in its present state of economic backwardness, China could possibly break off its economic relations with Japan, although doing so would entail heavy sacrifices. As the leading industrial power in the world, if we consider production in relation to population, Japan cannot afford to destroy the stable, complementary, and altogether new style of relationship it has, not only with China, but with Australia and the other nations of Southeast Asia. Any serious attempts to create a new Japanese military hegemony would be economic suicide for the most efficient, but also the most vulnerable production machine in the world.

This is why the Chinese are reinforcing their relations with Japan and, at the same time, speaking out against the recrudescence of militarism in that country, warning of the risks Japan would incur should it threaten the security of China, now solidly united and with its billion people welded into a national solidarity unprecedented in the history of the world.

With the United States, the normalization policy, undertaken in 1979 with the establishment of Sino-American diplomatic relations, is anything but easy. Reagan, in the eyes of the Chinese leaders, brings back memories of the aggressive face of American policy during the war against Vietnam. He distrusts China, because it is a socialist country, and wants to use China insofar as the Sino-Soviet quarrel remains a potent controlling factor. He formally recognizes the People's Republic of China, as the only country that can legitimately speak for all Chinese, including those who live on Taiwan, but in fact the Taiwan Relations Act gave a different direction to the policy established by Nixon and Carter. Not only does he behave as if there would from now on always be two Chinas, but he makes Taiwan the China of his heart and Peking the China of his brain, imposing on Peking, among other burdens, heavy economic quotas, more stringent even than those he invokes against Yugoslavia.

Hence although normalization of relations with the United States is going to prove difficult, practically speaking, under today's conditions, nevertheless it is ardently desired by the Chinese Communist Party and by the government: Taiwan is a hindrance, but hardly an impediment.

The third target for normalization is the USSR. Both sides want it, both sides agree that it is possible and necessary. Even if today, after numerous failed attempts, everything has yet to be built, at the practical level there is a new language, an improvement in trade relations, although those are still governed by a clearing agreement, that is on a rapid upswing; except that the starting-point for improvement is laughably low. In 1980,

China's trade with the Soviet Union was only 1 percent of the very modest total Chinese foreign trade -- about what it still is now with Italy! As we were told, the object is not to establish friendly relations, but to normalize existing relations, and this hinges on solving a number of problems which are -- in descending order of importance -- settlement of the Sino-Soviet border dispute, a reduction in Soviet military forces deployed along the Sino-Soviet and Sino-Mongolian borders, and a mutually agreed-upon political settlement on the future of Afghanistan and Kampuchea.

On Afghanistan, I think I understood that there would be, according to the Chinese, already acceptable conditions posed for a political settlement, which would save Soviet face and also assure Soviet security by means of an internationally guaranteed neutralization of Afghanistan (with China among the guarantors). Nobody made any big point to us about the threat posed by the SS-20s in Siberia. In addition to the statements about using them to shift tension from Europe to Asia and vice versa, it would be to nobody's advantage, much less constitute a threat to world peace; there was marked reluctance to speak further on this issue. The reason is probably that the issue is still unresolved in China and is still matter for negotiations between the USSR and China on grounds far different from the simplistic and clumsy grounds set forth in portions of the European and American press. The principal and real obstacle to normalization of relations between China and the Soviet Union does not seem to me to lie, really, in the border dispute either, since by now that is more a question of principle than of current political substance. The issue is really Kampuchea and, more broadly, the Soviet-Vietnamese alliance.

The explanation lies primarily in the kind of place Vietnam has become in our time. The strength, the effectiveness, and the modernity of Vietnam are comparable -- speaking from a strictly military viewpoint -- with those of Israel in the Middle East. All of this is attributable to the fact that behind this powerful military machine there is also and unquestionably military and economic aid from the USSR. That is the reason for the recurrent Chinese protests and accusations. But in addition to this, there is the history of the victorious war so gloriously won by little Vietnam against the American aggressors. The record available today gives a better explanation of how and why the American colossus suffered the most humiliating defeat in its history at the hands of a tiny Asiatic country, China itself got a taste of it in 1979, when, by way of reprisal for Vietnam's military intervention in Kampuchea it determined to give Vietnam a lesson and a warning: in the event, that attempt turned, within a few days, into a warning that China had involuntarily issued to itself, as to its own military effectiveness.

Notwithstanding all this, China really wants to normalize its relations with the USSR, and I believe it is prepared to go more than halfway to do so. In Kampuchea, China is defending the

"legitimate government" against the "invented" one of Vietnamese manufacture; it supports the current four-party coalition, which, however, has, just in recent days, suffered yet another serious military setback. This Chinese position, however, goes no further than a specific goal, which seems to me a reasonable one: to achieve genuine and full neutral status for Kampuchea, again with international guarantees like those for Afghanistan. For reasons of feasibility, I have good reason to believe that China would even agree to a settlement that did not include the Khmer Rouge.

From all this, I believe it is legitimate to draw the conclusion that China is stubbornly pursuing a course designed to create -- and already partially successful -- the conditions for international normalization with all the nations, great or small, beginning with those in Asia. This normalization is also the reverse side, at the international level, of normalization in the domestic sector vis-à-vis those who are still under the intellectual influence of the "crazy" errors committed during the cultural revolution. The new Chinese constitution, adopted in 1982, is proof of that. It is within this context of domestic and international normalization that we ought to look at such other moves as the priority assigned to agriculture and light industry, and the reconversion and modernization of heavy industry.

That means an end to great industrial leaps, extravagant accumulation of investments in industries that have shown themselves to be non-rational and uncoordinated, an end to economic policies which overlook the fact that China has to solve the tremendous problems involved in providing for the future of a billion hard-working men and women as proud as they are poor, who have managed to survive the most turbulent and troubled experience of the past with their ingenuity and their spirit of sacrifice.

Winding up these personal impressions of my trip and of the lessons I have learned from the talks we had with Chinese leaders is no easy task. Even so, I dare say that, behind the drive for peace and normalization, behind the realism and the modesty, behind the determination to lay to rest the mystification that still surrounds errors old and new, in today's China there is the much grander design that has to do with modern history. That design calls for making a fourth of humanity -- China -- a crucial force in the world's future. Not a third superpower that will shatter the hegemony of the United States and the USSR on their own ground, but rather a country becoming as strong in fact as it is now potentially, strong enough to impose that international redistribution of labor, that emergence, at long last, of the Third World, with a new North-South relationship, if possible, with a new South-South rapport if Europe fails to see the new paths to its own future. To achieve this end the traditionally long view of the Chinese does not seem an obstacle. The year 2000 is not, for them, a solemn date on the Gregorian calendar, but the deadline they have set themselves and the world for meeting this great challenge.

6182

CSO: 3528/144

## REVIEW OF FLORES ISLAND AGREEMENT WITH FRANCE

Lisbon DIARIO DE NOTICIAS in Portuguese 21 May 83 p 3

[Text] The Franco-Portuguese negotiating commission for renewal of the agreement on the use of the tracking station on Flores Island will meet in the Azores from 20 to 24 June.

The work agenda for the meeting is not yet known, but a member of the Portuguese delegation, in statements to NP, admitted that the renewal of the agreement for a period of 6 more years should be the leading topic in the discussions.

According to the regional secretary for external cooperation, Nunes Liberato, the Azores government wants an increase in the compensation for the use of the tracking station by the French.

This intention was initiated some time ago by the Commission for International Affairs of the Azores Regional Assembly which, in a document submitted to the government of the republic, expressed the view that the ones existing at present are ridiculous.

At the time, the commission claimed that the compensation for the agreement was accepted in 1977, and that the costs and standards of living have increased considerably now.

Through the agreement, the Portuguese Government promises to put at France's disposal, on Flores Island, services aimed at facilitating the observation and measurement of the flight path of French ballistic devices without nuclear warheads to be launched from the French coasts on the Atlantic in a westerly direction.

According to the Azorean member of the Franco-Portuguese commission, although the agreement for the use of the tracking station on Flores Island by the French was signed on 24 February 1977, it did not go into effect until June of the same year.

Hence, in his opinion, the agreement ends in June, and if there is no notice of termination by that month, the agreement is automatically renewed for another 6 years, according to the terms governing it.

However, this question was regarded as controversial by the Azores government secretary for external cooperation, who stated that the important thing is that the Azorean executive body wants greater compensation from the agreement.

He added: "This being the case, it is quite likely that, at the June meeting, questions will be raised about an increase in compensation for the Azores' offering the use of the tracking station."

According to the terms of the present agreement, the French Government backed the development of the Azores with a sum amounting to 144,000 contos, used by the Flores hydroelectric power sectors and for the improvement of the sanitation conditions, for oceanology and for port facilities.

At its meeting in Lisbon on Wednesday, the Superior Council on National Defense heard a statement from the ministers of defense and foreign affairs concerning the renewal of the Franco-Portuguese agreement, which expired in February.

2909

CSO: 3542/137

## 'MOVEMENT OF 199' ESTABLISHES MAD

Pintasilgo: No New Party

Lisbon DIARIO DE NOTICIAS in Portuguese 22 May 83 p 3

[Excerpt] Yesterday, Maria de Lurdes Pintasilgo deemed it disturbing that there is not yet a government in full operation, and that 5 months ago there was a resigning government. Lurdes Pintasilgo was interviewed by Antenna 1, and commented on the features of the Movement for Intensification of Democracy (MAD), whose coordinating commission she serves on, stating at one point that she was "cognizant and quite well aware of the fact that the movement is a minority one."

Reiterating that MAD (the initials by which the movement is beginning to be known, although they have not been adopted by the organization) "did not come into existence through the direction or sponsorship of the president of the republic," Lurdes Pintasilgo denied that "the movement, as such, is the embryo of a new political party."

Thus, the former prime minister categorized the movement introduced by the manifesto of 199 as being civic in nature, "with a strong cultural-ethical dimension"; explaining that "it is creating its own ideology" and "will give special emphasis to direct democracy and to the semipresidential features and those of representative democracy associated with the Portuguese political system."

In this regard, she expressed the view that MAD "is treading on entirely new ground in the whole world," even wondering whether "it may not go beyond a mere dream." Insofar as concrete political activity is concerned, Lurdes Pintasilgo stressed that the movement could always "take its views on vital problems to the Assembly of the Republic, either through the deputies or through petitions."

## Political Parties' Reaction

Lisbon DIARIO DE LISBOA in Portuguese 18 May 83 p 6

[Text] "There are no comments to be made" was the response that DL received from an authorized source in the PS secretary general's office concerning the creation, last Sunday in Lisbon, of MAD (Movement for Intensification of Democracy).

As for PSD, so long as this does not involve the formation of a party, it has no objection to a civic movement "in search of new models for social coexistence."

That is the opinion expressed by its leader, Fernando Amaral, in today's issue of the party's official organ, POVO LIVRE.

In an article entitled "The Group of 199," the former head of MAI [Ministry of Interior] used as an argument statements made by some of the members of MAD, indicating that no party was formed, and he concluded that they "are thinking properly."

The PSD official, considering the formation of a party through MAD to be impractical, nevertheless was of the opinion that, "Without serious political space, without a complete philosophy to justify it, without a doctrine to consolidate and lend consistency to the ideas, and without a political direction that would unify desires, the goals are destroyed and the purposes are lost and deteriorated."

According to PCP [Portuguese Communist Party], "It is entirely legitimate for a group of citizens to decide to adopt types of political intervention in national life, within the context of the exercise of the democratic rights established in the Constitution."

In the note released by the Communists' SIP [Information and Propaganda Section], it is also stated that, "The judgment as to whether or not the appearance of such a movement in Portuguese political life is useful will depend on its future activity."

CDS [Social Democratic Center Party] views the formation of MAD as "a normal event in democracy," as ANOP [Portuguese News Agency] was told by a spokesman for its leadership.

2909

CSO: 3542/137

## NEW LEFT APPROVES PS/PSD GOVERNMENT WITH RESERVATIONS

Lisbon 0 JORNAL in Portuguese 27 May 83 p 7

[Text] At a meeting for deliberation held on Wednesday between the PS [Socialist Party] leadership and the New Left, the latter delivered to Mario Soares a statement of critical support for the PS/PSD [Social Democratic Party] government.

In the text it declared that the "country's situation" and the "electoral statement from the different party forces" require "as a necessary condition, although not a sufficient one," the establishment "of a PS/PSD government capable of mobilizing, in the left and in the center, forces for transformation and progress."

That government "must be undertaken as an indispensable means of combating the deterioration of the present financial and economic situation, but not as a strategic alliance; because that would entail serious dangers of being unrealistic." In this regard, the signers of the document call upon the Socialists to be "steadfast in the defense of their proposals, not accepting institutional blackmail and, in the final analysis, choosing a return of decision-making to the electorate rather than lose a capacity for affirmation and initiative."

Faced with a "situation wherein discouragement, and apathy or circumspection are threatening to become entrenched on the national level, PS can count on a support that is critical but serious, and watchful but assumed by the independent sectors involved in the debate for the affirmation of a new left; provided that it knows how to assume its governmental responsibilities without complacency toward corruption and patronage, with courage in the response to the challenges of the present and the future, and without a spirit of favoritism in the appointments ranging from the news media to education, and from public enterprises to health or housing."

Nevertheless, the coordinators of the New Left caution that PS must not "assume an arrogant or sectarian position in connection with the proposals that are submitted by the opposition; and it is essential that it have the capacity to discuss them, and to accept or reject them, explaining clearly the fundamental reasons for its position, not only on the parliamentary level, but also in the daily political struggle, from the foundation to the superstructures."

2909

CSO: 3542/137

## INTERVIEW WITH CIU SPOKESMAN MIGUEL ROCA

Madrid YA in Spanish 24 May 83 pp 18-19

[Interview with Miguel Roca Junyent, spokesman for Convergence and Unity, by Maria Merida; date and place not specified]

[Text] I don't know whether Miguel Roca Junyent thinks that, just as the Giscard-Chirac combination was possible to form in France, in order to defeat the Socialists in Spain the political imitation of that might be Fraga-Roca. In any event, even if he thought so, he would not say it. But the fact is that his political strategy up until now has proceeded along that line. And if not, there is his "reformist operation" to corroborate it. Whether or not that PRD [Democratic Reformist Party] option turns out well later is something else. But, at the moment, he is pulling the strings of the political contrivance with the reserve, skill and talent that are typical of him. Those 4 million votes which are there in the well of silence, and which the electorate has not given either to Mr Fraga or to PSOE [Spanish Socialist Workers Party] have convinced him that the "effective, viable, workable alternative for 1986" that he has always upheld might be possible now.

The reason being this matter of "operation Roca." Roca himself does not want to take credit for it, relying on this explanation: "I have never attempted to do anything on my own. I have never advocated the existence of a reformist political space which, destroying Spain's political bipolarity, would be capable of establishing itself as a valid alternative within 3 years. And a response to this proposal has been given by various persons and groups from many areas of the Spanish territory; and, as a result of all this, a group of individuals from Madrid have set up PRD as a platform that could be joined by all the groups which share its ideology and a program for modernness, freedom, progress and scrupulous fulfillment of the constitutional mandate to construct a state of autonomies."

To Roca Junyent, this is the heart of the reformist issue; and since it seems to him to be a perfectly valid proposal, he has decided to back it in his adherence to CDC [Democratic Convergence of Catalonia] and to cooperate with those whom he calls founders or promoters of the option to "establish an agreement that will offer Spain as a whole a program of mutual action."

Nevertheless, there are still many things to be explained, and many unknowns to be dispelled in this political proposal of Miguel Roca, who is attempting to become established from the rank and file, to escape from the personalist problems that

beset and overthrew UCD [Democratic Center Union], and "to be able to form a homogeneous team of competent, effective people with a calling for and a mentality directed toward service." But the statement of intentions is one thing, and the reality is something quite different. Aren't they attempting to sell those founders and promoters of PRD a second UCD, but with a rejuvenated image? Miguel Roca responds:

"One cannot fall into that trap; that is not the intention of the promoters, nor would I back such an ambition."

[Question] Won't that party be a conglomerate of leaders from the center who have been left without a place at this political time?

[Answer] At the present time, none of the leaders that the press attributes to it are in this party, and for an obvious reason: because it wants to become a party from the rank and file. What is indeed true is that many people from UCD's provincial rank and file still enjoy greater credibility and entrenchment than their own leaders in Madrid, and those people are entitled to be respected. And there is nothing to prevent a reformist group from accepting them.

[Question] Mr Roca, many people interested in the results of what you have proposed, after the official introduction of PRD, are wondering: what now?

[Answer] Well I would answer them by saying that what is fitting now is for those experiences, which have had positive election results and which have incorporated into their program the desire to become integrated into a reformist option, to be pooled, and a deliberation made as to the way in which to intensify the process of establishing the party. For my part, the role that I assume is precisely that of helping to have these meetings held, and helping to reach agreements; and from then on to deal with all the petitions that I am receiving from various parts of Spain so as to take them back to the persons concerned, so as to reach agreement with the party's representatives who will gradually determine their own government organs.

[Question] Roca the nationalist politician, who intends to establish with Democratic Convergence of Catalonia (his original party) an agreement that will afford them a joint electoral offer, agrees to be given the leadership of the reformist operation as a whole, but he refuses to assume it himself, because he is convinced that personalist parties never work. He is a cautious man who knows what he wants and who accurately calculates the political game, always trying, not to win, but not to lose.

[Answer] We must offer those who want to join in this operation the opportunity to discuss programs, directional statutes and leaderships. It is not a matter of imposing a contract for affiliation, but rather of offering the opportunity to prepare jointly what could be a great political offer.

[Question] Mr Roca, what do you consider to be reformism, and what does this party intend to reform?

[Answer] Reformism is not just a doctrine, it is also a style. Hence, we must be very scrupulous from the outset concerning this desire to enable all those who

wish to participate, at least during an extensive initial period, to feel that they are fathers of the child. Furthermore, Spain needs to champion a process for modernizing the state, and this is not exhausted by requiring public servants to begin their work day at 8 in the morning; rather, it is something more deepseated, which applies to the simplification of the administration, putting it in the service of the individual subject to administration and not the other way around; limiting interventionism to the instances wherein the imbalance of relations requires it so that, eventually, we may reach a process of Europeanization which experience is proving that the other options do not accept with particular enthusiasm. There must also be a message of freedom, and of intensification of the exercise of democratic freedoms; so that the citizen will receive from that freedom the benefits of his own rights, and not the harm from the exercise of an elitist right by others. We must put an end to the television monopolies; we must entrench more deeply in Spanish society the sense of freedom; and it is also obvious that the Spanish experience has shown us a certain tendency toward authoritarian or arrogant manifestations rather than respectful treatment of others. A policy of progress must be created, based on the real acceptance of our potential, but always interpreted along the line of steadfast advancement. There is nothing worse than ceasing to advance, or advancing on false grounds; and this requires a wise combination of pragmatism, respect for the capacity for initiative of individuals, a desire to democratize the quality of life and the extension of the social wage in a market economy.

[Question] Mr Roca, you are a man who militates in a nationalist party; you belong to an autonomous community among those of the greatest specific weight; and you have an extremely entrenched sense of autonomy. You have often said that the Spain of autonomies needs people who believe in them. Hasn't it occurred to you that there may be fewer people than you imagine who have faith and hope in those autonomies?

[Answer] Of course the autonomies are not going to be made by those who want to revise the Constitution, for example, or those who view them with mistrust and suspicion. I already know that there are many people in Spain who do not believe in the autonomies; but you must agree that, in the situation in which we find ourselves, with 17 autonomous communities already established, the worst thing is to retrogress, because then the one who is harmed is the citizen, who would be poorly administered and poorly defended insofar as his interests are concerned. Therefore, like it or not, at present the democratic and progressive thing is to play the autonomous card thoroughly. The opposite could be very destabilizing and detrimental to the citizens' economy.

[Question] Although Mr Roca Junyent upholds a model of society that is essentially one of the right, particularly in the economic realm, since in the political realm your progressivism has often been termed "excessive," even in Catalonia, given the features of the party to which you belong, even though you uphold that model, I repeat, you differ to a great extent with many of the proposals of the right wing represented by Manuel Fraga as much or more, I daresay, than with those of a moderate socialism. And when arguments are put forth to him as to whether it would not be better for his group to reinforce and bolster the conservative option, agglutinating the right of center forces as an alternative to PSOE, without deviating its political action to a center alone, even though it may be progressive, the Catalan leader declares:

"I am not the one called upon to redeem the right, and furthermore I believe that it is good for Spain to have a right wing party and a strong Socialist Party; but it is also good for it to have a political option whose plan for modernness, progress and constitutionality proves to be valid as an alternative to socialism. If the citizens do not want this, they will express it with their votes. The right always confines itself to saying that the Reds are coming, and by now no one believes them. And the Socialists keep saying: "Those who are not like us are the reactionary right"; and no one believes that either. So, it seems to me that the time has come to formulate an option in a constructive direction; in other words, now we have a plan capable of agglutinating desires and of generating enthusiasm, which must be put into action as an alternative for 1986."

In this conversation, Miguel Roca avoids discussing what was agreed upon with the liberal leader, Antonio Garrigues; nevertheless, it would appear that matters have been quite settled between them, and that the Catalonian politician has even offered the Madrid politician the leadership of the new party, PRD. Nevertheless, Garrigues, possibly somewhat distressed by his election results on 8 May, has been unwilling to express to the public any enthusiasm for the "operation Roca," in case it does not crystallize as expected or should his initial agreement with Miguel Roca deteriorate. Perhaps for this reason, he recently stated on a radio broadcast that, over the long term, it was possible that he might become incorporated into this reformist plan, but that his relations with Roca were excellent. This cautious and even reticent position on the part of Garrigues has probably disconcerted the Catalonian politician or, on the contrary, it may have caused him to see things more clearly.

2909

CSO: 3548/424

## ARMED FORCES DAY SPARKS SEPARATIST FEELING, UNITY CALL

Madrid EL ALCAZAR in Spanish 22 May 83 p 7

[Text] The government has decided to send to the State's attorney general the intolerable anti-Spanish and anti-military statement from the separatist coalition, Herri Batasuna [Popular Unity], which, coinciding with the celebration of "Armed Forces Day" in Navarra, calls the Army and the State Security Corps "occupation forces," as well as demanding their expulsion from what they call Euskadi, and stressing the well-known points made by the "KAS [Patriotic Socialist Coordination] alternative," a political plan of the ETA [Basque Fatherland and Liberty Group] terrorist organization.

The defense minister, Narciso Serra, who officiated yesterday at the military ceremonies in Pamplona, together with the minister of the presidency, Javier Moscoso, criticized Herri Batasuna at an impromptu press conference; although, according to his assessment, the demonstrations by this independence-oriented coalition have not created uneasiness among the Armed Forces, according to a report by Europa Press.

Nevertheless, military personages present at the functions expressed to reporters their rejection and repudiation of the Herri Batasuna communique. Specifically, the Army chief of staff, Lt Gen Ramon de Ascanio y Togores, stated: "Any demonstration held against the celebration of an institution that belongs to the entire nation obviously could not appear fortunate or fitting to me." The commander of the Cantabrico Zone, Jose Lorenzo Rey, voiced his most "forceful repudiation, because every well brought up Spaniard must love his native land."

Yesterday, DIARIO DE NAVARRA published statements made by the commander of the Sixth Military Region, Lt Gen Juan Vicente Izquierdo, in which he claimed: "There is no aloofness between the Army and the society, between the Army and the people. The aloofness exists between the Armed Forces and a more or less small sector of the society which is typified by its anti-militarism and which is, moreover, anti-military." He then noted that "This is a small sector. We are all anti-militarists, but not anti-military. The Army is not cut off from the society. Owing to the chain of command and the discipline, it does not like to be on the crest of the wave, nor to hold too many demonstrations. We have the obligation of military secrecy and we must be marked by discretion."

## Extensive Police Presence

Antoniutti Park in Pamplona was the scene of the events for "Armed Forces Day" held at noon yesterday. An extensive police presence was arranged to guarantee the safety of those present. In attendance, besides the ministers, were the Army chief of staff, the president of the Supreme Council of Military Justice, the commander of the Sixth Military Region, the commander of the Cantabrico Zone, the chief of the Third Air Force Region, the military governor, the head of the Chamber of Deputies and the delegate from the government, as well as other civil authorities.

Upon the arrival of Narciso Serra, the national anthem was played, and then the minister reviewed the troops in formation there. He was received by the commander of the Sixth Region, Lt Gen Juan Vicente Izquierdo.

Next, a national flag was presented to the Mountain Chasseur Regiment known as number one "America," by the Navarra Local Chamber of Deputies. The wife of the president of the Navarran executive body served as sponsor, expressing her desire that "this deeply felt ceremony will serve to intensify further still the perfect rapport that exists between the Armed Forces of Spain and the people of this local community of Navarra. There is no better symbol of this bond than the flag of the nation itself, which identifies us Spaniards with the common ideal of Spain."

### 'The Navarrans, an Essential Part of Spain'

The head of the local Chamber of Deputies, Juan Manuel Arza, also spoke. In his address he stressed that, "Our local community has always existed very close to the activities and concerns of the Armed Forces and, what is more important, it has felt intimately united with them, understanding their ideals in the service of the mutual native land, namely, Spain."

He added: "Navarra has contributed historically to the formation of Spanish national unity, as is symbolically shown in the coat of arms on our flag; and this unique contribution from Navarra has caused us Navarrans to feel that we are an essential and necessary part of the Spanish nation, and to demonstrate our solidarity with all its peoples and with what the ideal of Spain means."

The colonel from the "America" regiment, Carlos Suarez, expressed thanks for the presentation of the flag, composing a song to it; and, after stating that they were "proud to see these people from Navarra offer this banner to an Army mountain unit," he said that "these mountain chasseurs will know how to offer their lives in Spain's defense whenever Spain needs it."

An open-air Mass was later celebrated and, in conclusion, the troops marched in front of the ministers and the other civilian and military authorities.

The ministers of defense and the presidency toured the exhibit of weapons and material of the No 6 Navarra Mountain Division, after which a reception was held at the General Mola Military Sports Association. In the afternoon, on the premises of the Pamplona Citadel, the sixth military musical festival took place, in which nine military bands participated. Before the festival, the defense minister opened an exhibit of ancient weapons.

2909

CSO: 3548/424

## NEW CHAPTER IN NATIONALIST-CENTRAL GOVERNMENT RELATIONS

Madrid YA in Spanish 3 Jun 83 p 7

[Commentary by Salustiano del Campo]

[Text] We have barely emerged from some and we are already embarked on others. I mean that, in order to interpret the political news reaching us from Catalonia and the Basque Country, we must remember that autonomous elections will be held in both regions next year; which does not imply that the respective conditions will even be similar. Consequently, neither are the actions of their principal leaders. We have recently witnessed the twofold effort of Jordi Pujol to break off formally from the exercise of power in his party, and to delegate functions in the government of the Generalitat, so as to devote himself to the planning of a new strategy. Carlos Garaicoechea, in turn, has been the target of all kinds of comments as a result of his recent American trip and his widely discussed attitude at the recent Armed Forces Day in Burgos. His government has announced that it might request a reform of the Statute of Guernica if the transfers do not progress at the desired pace, or if LOAPA [Organic Law for Harmonization of the Autonomous Process] continues ahead.

In the case of Catalonia, I already suggested some time ago that Miguel Roca's initiative to create a reformist party had a nationalist interpretation which was certainly more important than the merely national one. This would appear to be confirmed by his way of explaining his new function as head of the CDC [Democratic Convergence of Catalonia] secretary generalship: "The CDC's influence on the reformist party necessarily depends on our credibility in Catalonia. Hence, there is one main, priority operation, the elections for Parliament; and it is obvious that this requires an effort on my part." Pujol and his followers have realized that their policy has alienated the immigrants, and that without them they will never be able to consolidate their leadership. At the present time, the nationalist parties are not attracting over 30 percent of the votes at best, in contrast to the 60-70 percent who prefer the state parties. This fact has prompted Xabier Llobet Furro to propose in LA VANGUARDIA the bitter resolution "to give up the expression and the term 'nationalist,' with the consequences that it entails." Contrary to what the Socialists want us to believe, it is not a matter of CiU's [Convergence and Unity] having been defeated in the last municipal elections, because it won a percentage of votes that was even higher than that gained in the 1980 autonomous elections; but rather of its ceiling having been perfectly defined; and PSOE surpassed it by over 10 points in 1982, and now it has gained 5.2 from it.

The Basque Country is something else, but nationalism is in a state of crisis there as well, not (we must warn again) because of what the PSOE propaganda apparatus wants us to believe, but rather because of its internal division. Of the 706,583 votes won by the three nationalist parties on 28 October 1982, only 56 percent went to PNV [Basque Nationalist Party], which is observing a recovery of the state parties in its territory and which, in particular, is beset by the contradiction that if it wants to respond to the strong progressive component among its electorate, it must dissociate itself from its conservative backing, which represents a trifling 48.4 percent of its votes. This tension between the progressivism essential for halting the progress of such parties as EE [Basque Left] and the conservatism of a large mass of its followers will have to be resolved before too long. Over the short term, it appears to be choosing the direct clash with the state institutions, although the real strength of Socialist power is still to be learned. Of course, it is greater than that of UCD, and it is doubtful that it will allow itself to be defeated spectacularly, although all of us could suffer from the irresponsibility of the proposition in other ways. The actual fact is that at this point a new chapter is also being opened in the dialectics between the nationalist governments and the central one, wherein the distant past carries little weight.

2909

CSO: 3548/435

## DE ROBLES ON POLITICAL 'DYSLEXIA' OF RIGHT

Madrid YA in Spanish 2 Jun 83 p 5

[Commentary by Santiago Arauz de Robles]

[Text] Mr Roca, a man of refined intellect and parliamentary steel, has a personal manner which pleases me and with which I am in accord. I also like the profile of Fernando Rey, for example, or of Miguel Delibes, despite or transcending their pessimism, which is not a result of cowardice or apathy, but rather stems from clear-sightedness. I would hold dialog and share concrete proposals with Mr Roca without reservations. He has clearcut ideas, arranged in orderly fashion (something so difficult!), and he knows how to express them and make them attractive, without pressing the skulls of his opponents to influence them. Does all this accumulation of virtues (someone has compared him to Cambo, but don't give him full credit, Mr Roca, because someone also recently compared me, myself, to Cambo, since I have small, deepset eyes, and prominent cheekbones, and I adorn or protect myself with a beard: merely because of those external similarities), does Mr Roca's pure, dialectical style justify the operation of setting up a new party, around him as the focal point? Is it justified here and now, while the right is basting and sweing with exquisite toil, and there is a clearcut desire (latent, but clear) to modernize it; and the defeat of the center is still a crashing sound in our ears? Let us meditate on this without haste but without pause, because there is a great deal at stake in the correctness or error of the proposition.

The right in Spain, at least in recent years (so as not to revert to the times of the Goths, or of "Moor yes, Moor no"), the right which has democratized Spain, let us say so plainly, and which has modernized Spain, has been suffering acute personal dyslexia; and a dyslexia which, judging from the signs, is tending to become endemic. First, at the time of Mr Suarez, the "political reform," which was an idea and an accomplishment of the right, was offered to the left, and approval was sought from the left. There is a matter of nuance herein, which must be distinguished: The reform had to be for everyone; a broad Spain for everyone was being sought. Hence, the reform had to be acceptable to the left, but that should not have disguised the fact that its leadership belonged to whom it belonged to. Hence, there occurred a maladjustment between the real leadership and the outward appearance of the political endeavor. However, that distortion and that dyslexia leads to a paroxysm when there is no sufficient party instrument devised for the purpose of backing that idea. There is no desire (I must say it clearly, as it has already been stated on other occasions by Mr Suarez, who deserves a certain amount of thanks for perceiving

and articulating the desire for widespread political progress in Spain; he operated with methods of his political school, of the best, and the "worst," Francoism, promoting the vacuum of structures around him personally, to become irreplaceable, which ultimately led to the fact that not even his party has survived him); I repeat, there is no desire to lend UCD [Democratic Center Union] a consistency of its own; and when, instead of calling things by their name, that is, instead of calling UCD an "evolved and updated right," a right in step with the times, and hence one with an irrevocable desire to include the entire right, UCD has been bent on creating splits with and distance from the right. One believes that, in politics one cannot fail to speak frankly; and with that conviction and faithful to what I think befits Spain, which is the truth, I have criticized certain defensive bad habits (that conservatism to the death!) and certain historical bad habits of Mr Fraga. I have done so with the greatest respect for his human image and his political stature. I believe that I can assert, and I believe that this is the time to assert, that if the governing right (UCD) had not had the dyslexia that it is displaying now, it could and should have, and it was dutybound and it would have had an opportunity and a good reception, if it had taken Mr Fraga and what he represents to its bosom, removing from its mouth the occasion to use that description that it has manipulated with so much delight: "untamed right."

UCD's dyslexia put an end to UCD, because in politics mistakes are not forgiven and fiction does not survive. The people, the electorate, did not know whether to vote for the idea, or the party, which was non-existent, the government or the individuals. Logically, they opted not to vote for anyone.

At what point are we now? At the bifurcation or curing of the dyslexia, or its aggravation. If it was impossible or not desired to incorporate the right into the reforming idea, it would seem natural (it is the only course of action left) to incorporate the reforming idea into the right, which is (and whoever denies it is denying the evidence), the AP [Popular Alliance]-PDP [Popular Democratic Party]-UL group of parties. At this crossroads, Mr Roca is recreating the confusion and forming the reformist party, an idea already tried, an idea already consummated by recent history even in its name. The new party may think that the political diagnosticians are opening up a promising future for it. Those diagnosticians, who are very well prepared, claim that "there is an electorate of the center," since PSOE [Spanish Socialist Workers Party] has lost part of the left of center in the municipal elections and AP has not attracted the right of center. A no-man's land, that center electorate is "waiting for the hand of snow" to put it in readiness, like Becquer's harp. Now then, what is the path for occupying that space: to split the right again or to work from within the right and make it extract all the permanent modern quality (when it allowed the socialist left to take away from it, paradoxically, the banner and image of the liberty which is its basic principle!) possessed by a right that is not "self-interested," not classist and not comfortable in its convictions?

It seems incredible that the right does not look at itself, from a tactical standpoint, in the mirror of the left. What does Mangada have to do with Boyer or Castellanos? How are Leguina and Benegas or Escuredo linked? There are severe differences and tensions, but each one of them is attempting to impose himself within the party, instead of splitting the party, or weakening it. This is a message that the right does not understand.

Mr Roca has the stature for becoming the man of the right (whether or not it happens is something else, influenced by hundreds of factors). And that is far more than being leader of a reformist party which has come into existence with a minority desire. But it requires that inner patience and long-range vision, and the altruism and zeal for service that have marked the politicians with Spain on their minds, as I think might be the case with Mr Roca.

The new party would only be interpreted as a tactical action which began working, at its beginnings, and as a consubstantial basic principle, for total integration of the right, including the right of center, even though it may not become consolidated until the 1986 elections approach, either before or after them.

But it could be trouble, it could be trouble; because I am convinced (don't ask me why, the heart has its reasons which reason does not know, and time is short) that PSOE is not going to win the next legislative elections. The trouble (and not just for the right, but for Spain as well) would come if there were simply no other party prepared to receive the victory.

2909

CSO: 3548/435

## PALME SEEN RIDING TIDE OF SUCCESS AFTER 'GOOD START'

Stockholm SVENSKA DAGBLADET in Swedish 9 May 83 p 2

[Editorial by Ola Gummesson: "Palme Before the Wind"]

[Text] The Palme government has a good start. This is obvious. Through a combination of luck, nerve and, nota bene, political skill, it has managed to appear energetic and is running before the wind.

The government has been lucky with international economic developments. That it had nerve was shown when, quick as lightning, it struck with the 16 percent devaluation.

Olof Palme is a politician both bold and clever. The latest Harpsund initiative was a good example of this. The prime minister chooses a group of representatives for commerce. The chosen feel, one may assume, flattered. They do not, in any case, hesitate to come.

SVENSKA DAGBLADET has criticized this kind of gathering. There is no reason why commerce should let itself be used by a superclever politician.

But even the most critical person has trouble feeling anything but admiration for the enormous vitality the prime minister showed last winter and spring. He races around like a tornado and secures publicity almost without comparison.

The Harpsund meeting with the industry leaders was a step in this "keep-going" which from Palme's special starting points must have looked quite right. He must have commerce on his side. The task is not altogether easy, as he must also introduce wage-earner funds.

Whatever one may think about isolated cases in the actions of Palme and his government, one thing is certain: people seem to notice that the country has leadership.

It was a little so-and-so with this not unimportant detail during the non-Socialist years. Torbjorn Falldin mostly led in silence. Olof Palme shows the public daily who is running the country.

He has surrounded himself with an administration he can trust. His government contains many capable forces. The Palme government gives the impression of really leading Sweden.

A relative stability has occurred after 6 years of non-Socialist rule with continuously recurring convulsions. Against that background one can assume that the Social Democrats for a good while can keep their substantial part of the voters in the opinion polls.

The floating voters remember the tumultuous years. Their margin of tolerance toward the new government is wide. "They must have their chance." "There is no other alternative."

The long-time weakness of the middle parties, and particularly the Liberal Party, naturally is a special ace for the Social Democrats. Who is attracted to these parties as long as the present government is doing all right?

The Palme government got a good start, but that does not mean that the future looks thoroughly bright.

Unemployment is high. Maybe, tactically viewed, the international economic upswing came too soon. Luck can quickly change to misfortune.

The belt is being tightened. Little by little, the dissatisfaction of disappointed expectations will probably make new manifestations.

The government has done absolutely nothing to the fundamental disturbances in the economy. If it wants to or is able to is still too early to say. "The war of the roses" has by no means been decided.

Stig Malm growled on 1 May. The fund threat rests over Sweden and continues to divide the nation.

In the area of foreign affairs, Palme's policy is sailing against the wind. The prime minister's effort to try to stamp the Moderates as extremists received a quick and embarrassing ending.

Something that looks like a continuous war against foreign submarines is going on along our coasts. Sven Andersson's commission has shown the deficiencies in our defense against submarines.

Still the government economizes with appropriations that fall within the margin of error in the enormous state budget. Such things can hamper in the long run.

Palme's sky is not without clouds. But even the political adversaries of the Social Democrats must realize that right now his government is doing well.

9843  
CSO: 3650/192

## LIBERAL NEWSPAPER URGES OPPOSITION TO TAKE MORE ACTIVE ROLE

Stockholm DAGENS NYHETER in Swedish 18 May 83 p 2

[Editorial: "Our Tame Opposition"]

[Text] The task of the opposition is to oppose, says an old political maxim. To scrutinize all the government's actions, to criticize its suggestions and also, for which SVENSKA DAGBLADET pleads, to create confrontation. Whether this benefits the country is not the responsibility of the opposition.

During their 6 years as the opposition, the Social Democrats lived very much according to this maxim. Devaluations, the raising of the sales tax and the energy tax, savings, aid to large families, gearing assistance to trade--all these and many other things did they soundly protest, in general and in detail, although even then at least certain leading Social Democrats must have realized already that they would have taken the same actions, had they been the government under the same conditions.

The earlier government parties are instead in the position of opposition. Not only the Moderates but also the Center Party and the Liberal Party are discharging critical rounds toward the government. Is all this the same miserable stuff, except that the roles are changed?

No, not quite. The non-Socialist opposition parties are very hard in their general criticism of the Social Democratic government policy. Palme's outstretched hand is a bad joke, says Ulf Adelson. The Social Democrats have changed totally since the 1930's and the 1950's, says Thorbjorn Falldin, who rejects all cooperation. They show an arrogant attitude toward their opponents, joins in Ola Ullsten.

This general critical opposition attitude is clear and has surely been understood by the voters. But it does not add many new things to the political debate. The detailed criticism of the different government suggestions is not as forcefully carried out. The Moderates do manage, particularly when it comes to economics and tightening, but not even they are succeeding very well. Too often there are roars for the gallery audience. Basically, the opposition is tame.

One reason is that the criticism is not very concrete. Another reason, that mostly lies with the middle parties, is that the criticism often is not

believable. Both the Central Party and the Liberal Party have behaved on a number of questions in a way they never would have done in a government position.

The best example is the support of the elderly in the textile industry. The non-Socialist governments concentrated on cutting it down, despite Social Democratic protests. But now when the Palme government last spring suggested a sharp decrease, in spite of internal opposition, the Central Party and the Liberal Party wanted to retain the support! Not even the Moderates wanted to accept the whole saving, when it came to it.

Other examples are the energy taxes that the middle wants to wait to increase and the Moderates are totally against. The Central Party wanted to keep the Svappavaara mine, when the Social Democrats decided to close it, after undergoing some torment.

In pronounced profile questions, however, where one might have expected firm opposition, it has been quieter. The Liberal Party was silent when the government last spring decided to give one of the greatest dispensations ever from the ban of investing in South Africa--although just the Liberal Party, when in the government position made in a unique way a reservation against another dispensation.

Maybe there is a change coming now. All the Riksdag members of the Liberal Party are to debate questions of freedom with the Social Democrats in the Riksdag. It will, of course, be a debate about social problems rather than about the government's own suggestions, but still it aims toward a debate about issues. The Central Party has emphasized that it has to be possible to cooperate in the committees, even if the general critique is hard.

It is easy to view the actions of the non-Socialist opposition since the election as the preparation for a new three-party cooperation before 1985. Ulf Adelson is said to be seeking a new three-party coalition, Ola Ullsten a joint government program. At least parts of the Central Party are still very skeptical--one sign of this is Riksdag member P.O. Eriksson's just published "Government Power--But Then?"

The opposition would have more sharpness and effectiveness if it were run more on issues and less to create confrontation. There still does not have to be a cowardly yes-policy. And the opposition must be run consistently.

9843  
CSO: 3650/192

## DASSAULT IMPOSES CONDITIONS FOR EUROPEAN ACX CONSTRUCTION

Paris LES ECHOS in French 30 May 83 p 18

[Article by A. Rd.: "Four Conditions Imposed for ACX as Cooperative European Effort"]

[Text] Will the flight aircraft of the 1990's be a European product? Nothing could be less certain. Dassault is advocating a cooperative program but has imposed such conditions that the project seems doomed to failure.

In approving development of the ACX advanced fighter demonstrator aircraft, France made a strategic choice. In fact, this prototype, with a development cost of 1.8 billion francs, will be used to define France's next two combat aircraft: the [land-based] ACT (tactical fighter aircraft)--for which Dassault is seeking a name beginning with the letter M--and the [carrier-based] ACM (naval fighter aircraft).

The ACX will permit integration, for the first time, of technologies that have heretofore been incorporated only separately. Extensive use of composite materials is planned, particularly carbon fiber and Kevlar. Weight savings of up to 20 percent can be obtained with these composites. Advanced production techniques such as superplastic forming and titanium diffusion bonding are expected to reduce the cost of some aircraft parts considerably. Furthermore, design work on the aircraft will be largely computer-aided.

Flight controls will be all-digital and the use of fiber optics for data transmission will be fully evaluated.

The instrument panel will incorporate the latest display techniques while the pilot will be aided by "a fully automatic control system." The cockpit itself will be modified. In short, everything is being done to make the greatest possible use of all advanced technologies.

But the ACX will still be a twin-engine, delta wing aircraft fitted with an all-moving canard and a single vertical stabilizer. In other words, it will unquestionably still belong to a well-known family, namely the Mirage family. Dassault officials consider this logical. After all, the Mirage 3, 2000, and 4000 aircraft series offer ample proof of the validity of this choice of design.

For potential foreign partners, however, it is undoubtedly another question altogether. They are likely to consider the Dassault "imprint" somewhat too obtrusive. Especially since Beno-Claude Vallieres, Dassault-Breguet's president and chief executive officer, makes no bones about imposing his will.

"I would be pleased if a European cooperative program were possible. I favor such cooperation," Vallieres said, "but on four conditions."

First of all, this cooperative effort must not turn out to be "much more costly" than a completely French program. Secondly, the armament chosen by each partner country should be compatible with the aircraft. Vallieres said: "I believe that this is possible. It worked well with the Alpha Jet which is, nevertheless, a close-support aircraft in the FRG and a trainer in France."

In addition, the aircraft must be readily exportable to third-party countries. Lastly, each partner must be able to bring his own aeronautical experience to bear on the aircraft's development.

This last condition is far less innocuous than it seems. Actually, in plain language it means that inasmuch as the delta wing design has been approved for the ACX, France and Dassault are naturally cut out to manage the project and have the largest piece of the cake. And this even includes the engines, because the ACT will be powered by the M88 engine being developed by SNECMA. "It is the most suitable engine," explained Claude Vallieres.

In the meantime, the ACX will make its maiden flight in 1986--with an American engine--whether or not there is an agreement on this cooperation. And what if such cooperation proves impossible? Vallieres' terse answer to that question was: "Well, France has already built aircraft by itself."

8041  
CSO: 3519/527

## BRIEFS

FRENCH-GERMAN HELICOPTER UNCERTAIN--The French-German agreement on production of the 1990's military helicopter designated PAH-2 in the FRG and HAP [support-protection helicopter] in France was nearly signed yesterday. Aerospatiale and MBB [Messerschmitt-Boelkow-Blohm] has reached an understanding on the project. But at the last moment their plan failed to receive the endorsement of their respective governmental authorities. There is reportedly still a problem on the German side. Jean Martre, Aerospatiale's president and chief executive officer, was extremely reticent about the reasons for this delay, preferring to dwell on the excellent relations between manufacturers in France and Germany. He stressed that the matter is now within the province of the authorities in both countries. Nevertheless, he did feel that a final agreement could be signed within the next few weeks. [Text] [Paris LES ECHOS in French 1 Jun 83 p 8] 8041

CSO: 3519/527

## UNITS, PERSONNEL, EQUIPMENT AT SAINT-MANDRIER AIR BASE

Paris COLS BLEUS in French 21 May 83 pp 18-19

[Article: "Naval Air Base Celebrates its 50th Anniversary on 29 May"]

[Excerpts] The Saint-Mandrier Naval Air Base (BAN) is currently celebrating its 50th anniversary. Its row of hangars below the hill adjacent to the small harbor's entrance has been a familiar sight to residents of Toulon since 1933.

At the present time, the following three [helicopter] units operate from the base: Flotille 31F [31st Squadron] equipped with WG.13 Lync, Flotille 33F [33d Squadron] equipped with Super Frelon, and Escadrille 23S [23d Support Squadron] equipped with Alouette 2 and Alouette 3 helicopters.

The base also houses a customs service detachment equipped with Ecureuil helicopters. The BAN commander is Commander de Montleau. The base's complement consists of 45 officers and 670 petty officers, leading seamen, and seamen. The base also has 90 civilian employees, assigned mainly to its technical services.

The 31F, 33F, and 23S units are part of the navy's ship-borne aviation and are directly responsible to the admiral commanding that aviation and the aircraft carrier group.

These three units are on regional alert from dawn to dusk and maintain one helicopter on ground alert in readiness to take-off within a few minutes on search, rescue, or medical evacuation missions.

One Super Frelon or Lynx is kept on 3-hour alert round-the-clock prepared to perform such public service tasks as pollution control, firefighting, assistance to a ship in distress, airlifting personnel, evacuating casualties, etc.

The Saint Mandrier Naval Air Base also provides support to transient civil and military helicopters. Its most regular visitors are French Army Gazelle and Puma helicopters that frequently operate with French Navy aircraft carriers and amphibious ships.

Foreign naval visitors include the following helicopters: U.S. Navy Seasprites, Sea Kings, and large minesweeping Sea Stallions; British Navy Lynx; and Italian Navy Agusta-Bells.

### 23s Squadron and its Alouette Helicopters

Activated in 1954, the 23S is the French Navy's senior helicopter unit.

It has 11 helicopters: 9 Alouette 3 and Alouette 2. Its personnel include 7 officers, 73 petty officers, leading seamen, and seamen, including 14 pilots

This unit has logged a total of 75,000 flying hours. Its tasks include liaison flights, aircraft carrier protection (Pedro), radar calibration, search and rescue, etc.

The unit's Alouettes can be attached for duty outside the base or on helicopter-carrying ships.

Summary of the 23d's 1982 activities: 3,120 flying hours, 1,400 landings on the French Navy's two aircraft carriers, 1,040 landings on helicopter-carrying ships, 266 days at sea, and 285 days on regional alert.

An Alouette has a three-man crew: pilot, flight engineer, and frogman (diver).

### 31st Squadron and its Lynx Helicopters

The 31F has eight Lynx helicopters. Its complement of 13 officers, 49 petty officers, and 47 leading seamen and seamen includes 6 officers and 39 enlisted men permanently attached for duty on helicopter-carrying ships ("Georges Leygues" class corvettes). The ship-based Lynx helicopters are part of a corvette's weapon system designed for such missions as antisubmarine warfare, anti-surface ship operations, logistic support, and protection. The Lynx can be flown ahead of a fleet and thus serve as a radar picket. Its dunking sonar and associated torpedoes or depth charges give the Lynx a formidable antisubmarine capability.

Summary of the 31st Squadron's 1982 activities: 2,000 flying hours, 400 landings on aircraft carriers, and 2,000 landings on helicopter-carrying ships.

### 33d Squadron and its Super Frelon Helicopters

The 33F has six Super Frelon helicopters. The unit's 8 officers, 26 flight-crew petty officers, and 76 ground-crew petty officers, leading seamen, and seamen are organized into nine crews.

The hoist-equipped Super Frelon is used as a tactical troop and logistic support transport. It can carry 27 men 130 miles or 11 men 400 miles. It can also accommodate 15 stretchers and a medical officer. An internal payload of 4.5 tons and 120-millimeter mortars can be carried a round-trip distance of 150 miles.

### Technical Services

The Saint Madrier Naval Air Base furnishes substantial technical services provided by 230 military and 80 civilian personnel, all highly qualified technicians. The base's technical services are organized into four groups:

the aircraft group (aircraft and weapons maintenance); refueling and transient service; instruction, inspection, and technical documentation service; and the industrial service (general mechanical work, carpentry, motor vehicle repair and maintenance shops, ground handling equipment, and the electric power plant).

The base's technical services perform 3d echelon inspection--called V3--of the Alouette and Super Frelon helicopters. This maintenance is required every 5 months on the Super Frelons. These base services are also responsible for the structural integrity inspection (VIS) of Lynx helicopters. The BAN conducted 20 major helicopter inspections in 1982.

8041

CSO: 3519/522

## MATRA CHIEF: MILITARY PROGRAM PROTECTS INDUSTRY

Paris LES ECHOS in French 30 May 83 p 18

[Article by A. Rd.: "Matra: No European Space Role Without Military Program"]

[Text] "We can never sufficiently emphasize the fact that firms working on satellites in the United States always receive 80 percent of their financial support from military programs. These programs always provide the absolutely vital and essential stimulus to modern technology."

This statement by Matra president Jean-Luc Lagardere goes straight to the point. Military contracts are the hard core of Matra's business, in fact the bulk of its business: 4 billion francs out of last year's total business volume of 5.6 billion francs. Military programs are the prime mover of Matra's expansion. Jean-Luc Lagardere makes no bones about this.

Matra owes its position to military contracts: more than 30 programs--missiles, airborne weapons, various major items of military hardware--more than 10 billion francs of orders on its books, and numerous projects, alone or in cooperation with other companies, notably MBB [Messerschmitt-Boelkow-Blohm] in Germany.

"We are now working on weapons for the 1990's." The Mistral-SATCP [very short-range surface-to-air missile], Otomat Mark 2 [antiship missile], MICA [interception and air combat missile], SAMAT [family of surface-to-air missiles], and Hades [tactical nuclear missile] are all current projects whereby Matra expects to remain "altogether competitive" from now until 1990.

According to Lagardere, Matra is "the only company in the world to cover the entire range of guided missiles." This obvious self-pride is not unfounded. The influence gained through the sophisticated technology of its weapon systems is Matra's best open sesame to other sectors, the space sector in particular. Some 928 million francs of the company's current business is space related.

This year, Matra is involved in a total of 17 space programs: The Ariane [launch vehicle], of course, Spacelab (European space laboratory), Eureca [European recoverable carrier] (the European Space Agency's orbital transporter), and also six communications, three observation, and five scientific satellites.

Lagardere considers 1983 to be a pivotal year with the June launch of ECS-1, Europe's operational communications satellite. This launch is the first in a five-satellite program designed to firmly establish Europe's credibility, something Europe greatly needs.

"The truth is that we have not succeeded in exporting our space products," Lagardere acknowledged. "But offering completely European products is a rather difficult process." Jean Luc Lagardere has, nevertheless, resolutely accepted the challenge. "We have totally backed this cooperation, starting from the principle that France's role in space is much more European than national."

This cooperation has produced: Satcom International, a joint CIE [economic interest group] formed in 1981 by Matra and British Aerospace Dynamics; Eurosat, another Matra-British Aerospace Dynamics joint venture; and Auspace in Australia (40 percent Matra, 60 percent Hawker Dettavilland). Matra's president believes that such partnerships "are a highly positive contribution to the construction of the technological Europe."

Yet this technology still has to be sold abroad. Matra is convinced that small platforms like the ECS or Telecom 1, scheduled for launch in April 1984, are perfectly capable of serving as solid bases for direct television broadcasting, but there are no customers for the latter.

Hence Jean-Luc Lagardere's final judgment: "Europe and France will not be able to hold a top position as long as there is no veritable military program."

8041

CSO: 3519/527

## USE OF CARBON FIBERS, COMPOSITES FOR WEAPONS

Paris ARMEE ET DEFENSE in French Mar-Apr 83 pp 14-15

[Article: "The Carbon Revolution"]

[Excerpts] The use of composite materials in arms production is becoming so widespread that these materials are expected to supplant metallic designs. There is no lack of arguments in favor of composites. These include weight reductions resulting in energy savings, reduced risks of fatigue failure and of rupture through fissuring.

These new technologies also have civil applications such as brake disks, tubes for offshore oil rigs, crossbars for catamaran floats, and scuba diving tanks. But composites are used primarily by defense industries.

The examples described in this article are taken from documents published by Aerospatiale.

Yes, plastics are high-temperature resistant. Epoxides can withstand temperatures of up to 150 degrees for prolonged periods. Other resins can withstand temperatures of 300 or even 400 degrees for short periods.

In the case of a nonrecoverable spacecraft, it has been demonstrated that a composite embedded in a resin matrix absorbs, in destroying itself, much more heat than any other material. This is the principle of ablative shielding widely used for the past 20 years on nose cones of hypersonic reentry vehicles subjected to tremendous heat flux during atmospheric penetration.

The following are three examples of materials:

- a. Orthostrasil is the ablative heat shield material used on nose cones of the first-generation SSBS [silo-launched] and MSBS [submarine-launched] ballistic missiles. Orthostrasil is produced by machine-winding flat tapes woven of refractory fibers (silica) impregnated with resins chosen for their high energy absorption prior to destruction.
- b. Aerocoat is a new product. The active heat protection system retards the action of fire up to 10 times longer than conventional fire-retardant materials.

This wonder material is a laminate applied by adhesive bonding or spreading onto the surface to be protected. It is actually a thick gel composed of refractory fibers and a vaporizable substance. This gel is completely covered and restrained by a coating of refractory fibers and a resin.

When fire breaks out the resin decomposes, allowing the vaporizable material to escape as superheated vapor through the mesh of the refractory fibers, thus absorbing a number of calories, and the higher the temperature of the atmospheric penetration the greater the number of calories.

Most fire-retardant materials are "passive" insulators. Aerocoat is "active" in that the heat changes its state. It does not release toxic gases, however, and functions without increased pressure.

Aerocoat is suitable for a number of uses and its shape can be varied. Its thickness, for instance, is determined by the desired duration of the protection from heat.

For example, the following results were obtained with a 25-millimeter thick product: penetration temperature: 900 to 1,000 degrees centigrade; duration of Aerocoat protection: 6 hours; duration of protection with conventional material: 1 hour.

c. AQ 60 is a material designed to protect attitude-control equipment mounted around nozzles of the solid-fuel engines on the M-4 [submarine-launched] missiles from severe thermal shocks experienced in flight.

By borrowing from paper-making techniques used in obtaining weight-and thickness-gauged sheets from a wet mass of cellulose fibers, Aerospatiale has developed a process for the fabrication of capping or cowling elements made of fibers and high-temperature resins. A wet mass or solution of very short fibers--a few dozen microns--is obtained by crushing silica wool in water to which mineral and organic binding agents have been added.

This mixture, kept in suspension by stirring, is drawn by suction through a porous mold covered with a fine strainer and connected to a reduced pressure tank. A product 12 millimeters thick is obtained in this way within a second and a half.

This very rapid molding process necessitated development of an automated facility ensuring reproducibility of thicknesses from one molding to another. This process provides great versatility in producing different shapes and thicknesses. It can produce components ranging in size from a few square centimeters to 1 square meter. Even though the cocoons have been dried slightly by the suction action, they are subsequently dried thoroughly in a ventilated oven before being soaked in a phenolic (resin) solution and then cured in an autoclave.

This principal properties of AQ 60 material make its use extremely versatile from the standpoint of shape and constituent materials. It is suitable for numerous applications in which the following are required: low weight, good resistance

to high-flux thermal shocks, great geometric stability at high temperatures, good heat insulation, permeability by gas, and vibration resistance.

#### Carbon in Space

The production of ultralight structures for such satellites as the Intelsat 5 have carried the technology of adhesive bonding of metallic sandwich structures to its limits. Only composite materials offer possibilities of further weight savings on such structures.

The Intelsat 5, Marecs [maritime communications satellite], and Sylva [Ariane dual-launch system] programs made development of this new so-called "carboneyda" [carbon honeycomb] technology possible.

This composite material is produced in fabric or tapes of resin-impregnated carbon fibers, layed in successive plies and forming skins after polymerization. Two skins are wrapped around a core of light-alloy honeycomb materials, thus forming the sandwich. These materials offer many advantages over stiffened or light-alloy sandwich structures: better specific stiffness, better specific strength, almost zero coefficient of thermal expansion, greater design flexibility, and weight savings of 20-30 percent.

The current cost per "kilogram in orbit" is approximately 100,000 francs. If a weight saving enables, for example, a communications satellite to carry one or more additional repeaters, the user can sell additional services and obtain a quicker return on his investment.

#### Egg-Shaped Sylva Device

The most impressive item of space equipment incorporating the carbon honeycomb fiber technology is perhaps the Sylva dual-launch system for the Ariane [launch vehicle]. The market for satellite-launching services in the Thor Delta [launch vehicle] class--half of Ariane's maximum payload capacity--was sufficiently large to convince the European Space Agency to finance development of the Sylva device which can launch two satellites simultaneously.

The basic Sylva is 3.9 meters high, weighs 180 kilograms when fully equipped, and has a maximum diameter of 2.8 meters. It can carry two satellites weighing from 600 to 1,020 kilograms. The test model even withstood a load of 34 tons before rupturing. The first Sylva unit will be used on the next Ariane launch. Indeed, this system is such a key factor in Ariane's commercial success that Arianespace has already ordered nine units from Aerospatiale for launches during the 1983-1985 period.

Ever since development and production of Symphonie [French-German experimental communications satellite orbited in December 1974], Aerospatiale has worked to optimize antenna reflector structures. Congestion within available frequency bands prompted development of systems operating in higher bands with enhanced directional beams and frequency reuse through different polarizations. This led to large-size antennas with greater accuracy and pattern stability, thereby providing the required levels of performance.

Only composite materials, and particularly those based on carbon fibers, can provide a sufficiently low coefficient of thermal expansion--more than 10 times lower than that of light alloys--so that distortions caused by large temperature variations encountered in space by reflectors are not prohibitive.

Sandwich type construction with nearly isotropic carbon fiber skin and a light-alloy honeycomb core provide sufficient stiffness to decouple the reflector's resonant frequencies from the satellite's modes of vibration.

An indication of the rapid growth of this new technology can be seen in the fact that the surface area of Aerospatiale's composite materials manufacturing facilities at Les Mureaux has tripled in less than 5 years.

8041

CSO: 3519/514

## FEWER RECRUITS, MODERNIZATION FOR NAVY IN 1984-1988 MILITARY PLAN

Paris COLS BLEUS in French 30 Apr 83 p 16

[Article: "Draft Law for Navy Military Programming"]

[Text] The Council of Ministers approved the proposed military-programming law last week. This programming establishes the orientations of France's defense between 1984 and 1988. Here is what the proposed law provides for as regards the Navy.

The missions of the armed forces are clear: protecting the national territory against any attempted aggression, taking part in the defense of West Europe and its approaches, ensuring the security of our nationals abroad, and taking part in the security of the countries to which we are bound by defense agreements.

The priority assigned to the nuclear forces will be maintained, at the same time that modernization of the conventional forces is continued, in a concern for interbranch coherence.

The nuclear forces will continue to have various components, and their power will be increased by the placing in service of the sixth SNLE [Missile-Launching Nuclear Submarine] and the start of construction of the seventh. They will have the first transportable SX missiles starting in 1996.

At the end of the century, the Navy will have a total tonnage of 300,000 tons. In particular, it will have two aircraft carriers, including the first nuclear-powered one; a dozen attack submarines, at least eight of which will be nuclear-powered; some 30 ocean-going combat vessels; maritime-patrol air forces; and a suitable operational logistical fleet.

In this configuration, it will remain the world's No 3 aeronaval force.

The programming is both physical and financial.

On the financial level, the programming has a twofold guarantee: the writing-in of the credits into the law itself, and a reevaluation in 1985.

On the physical level, the table of orders and deliveries below gives the details.

Navy Programs	Orders		Deliveries*	
	1984 1985	1986 1988	1984 1988	After 1988
Nuclear aircraft carrier		1		1
Corvettes and dispatch boats		3	3	7
Nuclear attack submarines	1	2	3	4
Antimine vessels	6	5	14	6
Patrol boats	4		10	
Logistical vessels		2	1	2
Landing-craft transport ships	1	2		3
New-Generation Atlantics	2	14		16
Torpedos	70	190	278	170
Change-of-environment antiship submarine missiles	24	36	52	29

\* Materiel ordered before 1988.

Priority is assigned to modernization of the equipment of our nuclear forces, but deterrence is on an overall basis, and 70 percent of the equipment credits will be devoted to the conventional forces.

For 5 years, the Navy will slow down its recruiting, to decrease its personnel strength by 3,500 seamen.

This will be done without any authoritarian measures to dismiss cadres or any deleterious effect on careers, for it is the early-career ranks that will be affected by the budget-category decreases.

There will be no structural reorganization of the Navy analogous to that of the Army; the central point of the programming is the ordering of the nuclear aircraft carrier in 1986, to be the successor to the "Clemenceau" in 1995. This aircraft carrier, of 35,000 to 40,000 tons, will be equipped with catapults, and, thanks to the range that its nuclear propulsion will give it, it will substantially reinforce our capacity for remote action.

11267  
CSO: 3519/505

## LARGEST BEACON IN WORLD TO BE BUILT IN OUESSANT IN 1985

Paris COLS BLEUS in French 14 May 83 pp 4-5

[Article by Lieutenant Commander Baggio: "Giant Seamark off Ouessant"]

[Text] The year 1982 saw the placing in service of the CROSS [expansion unknown]-Corsen by Maritime Affairs, and the year 1985 should see the emplacement, by Lighthouses and Beacons, of a giant seamark off Ouessant.

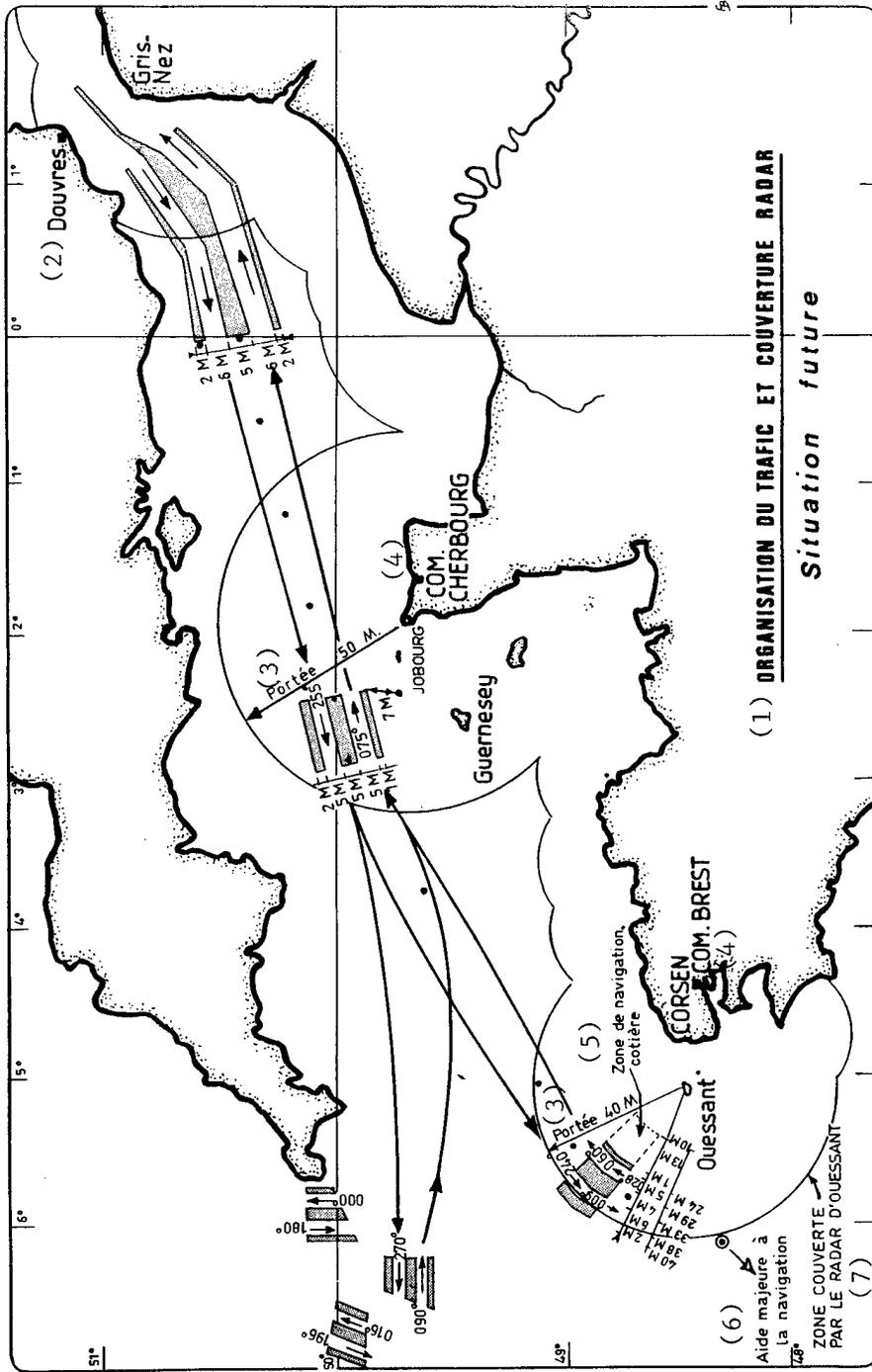
This seamark, which will carry the world's largest beacon, is designed for facilitating the use of the future traffic-separation arrangement at Ouessant. But before the present arrangement is actually changed over, the assembly of the International Maritime Organization has asked for the setting-up of this major aid to navigation, indispensable to ships for readjusting their navigation at the conclusion of long crossings in the Atlantic.

This immense seamark will be located 25 miles southwest of Ouessant, in considerable 125-meter depths. The first studies have shown that the investment required will come to more than Fr 200 million.

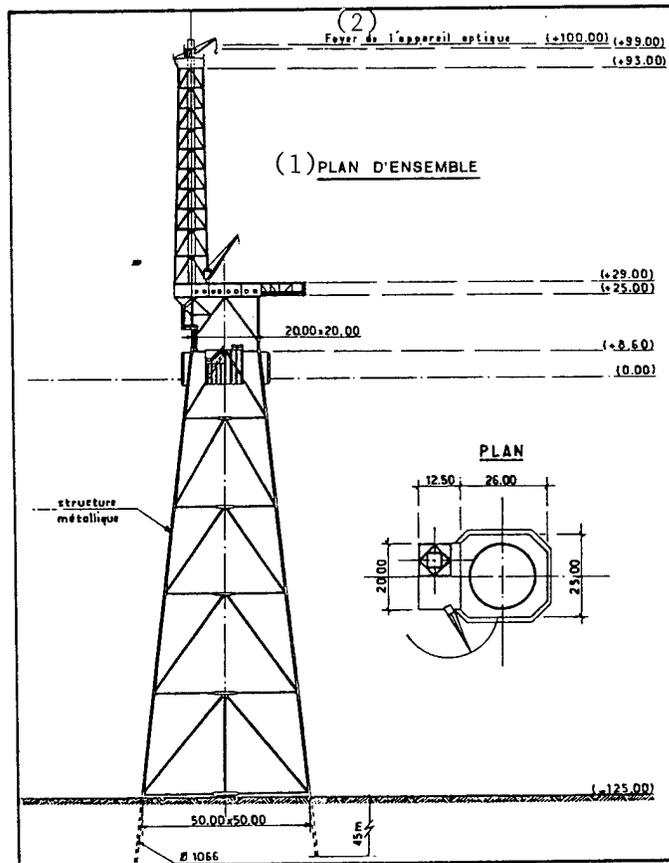
The Secretariat of State for the Sea had already planned to allocate Fr 50 million this year in order for the Lighthouses and Beacons service to put out a call for bids this year. The choice will be made next winter. Two solutions have been proposed: a metal tower resting on the bottom, or a semisubmersible concrete platform kept on station by anchorings. In both cases, the maximum height above sea level will exceed 100 meters, and the top of the beacon will carry a light with a range of 25 to 30 miles.

Other equipment is planned: active radar responder, radio beacon, radio direction-finder, sound signal, weather station and UHF-VHF equipment. This equipment will operate automatically. A crane and a helicopter platform will make it possible to handle and move maintenance materiel and equipment.

The structure, planned to be able to hold up against winds of 200 km/hour and 30-meter swells, will have considerable mass. The proposed metal structure involves a mass of 3,800 tons. The floating platform would have a displacement of close to 50,000 tons.



- Key:
1. Organization of Traffic and Radar Coverage - [expansion unknown]
  2. Future Situation
  3. Dover
  4. Range
  5. Coastal-navigation zone
  6. Major aid to navigation
  7. Zone covered by the Quessant radar

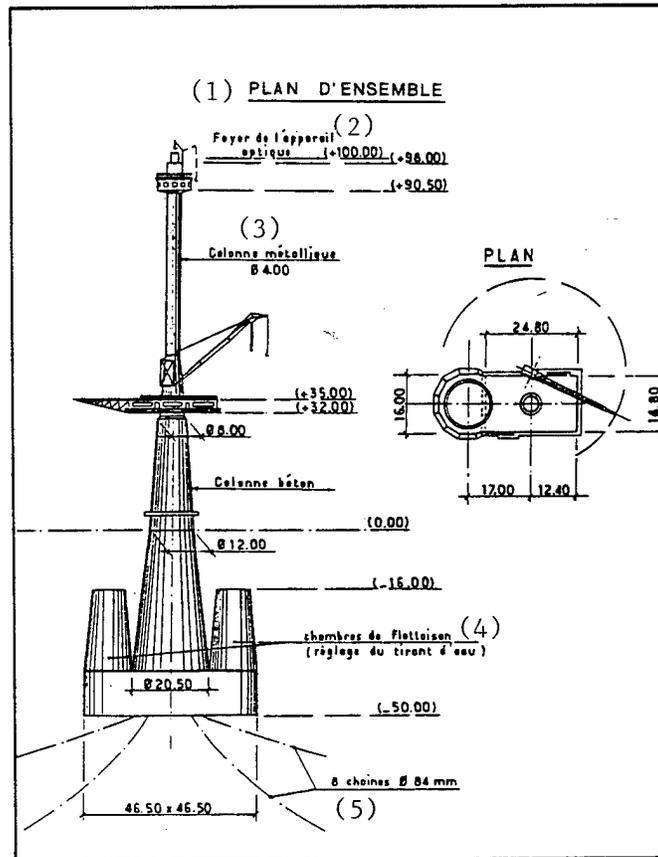


Key:

1. Overall Plan      2. Location of optical device      3. Metal structure

At Brest, of course, everyone hopes that the local economy will benefit from this project; but the competition will be tough, since the call for bids is Europe-wide.

This beacon will be one of the main links in the navigation-safety chain off Brittany. In this area, the cooperation among the various administrations--the Navy, Maritime Affairs, Lighthouses and Beacons, Customs--is exemplary.



Key:

- |                               |  |
|-------------------------------|--|
| 1. Overall Plan               | 4. Flotation chambers (adjustment of draft in water) |
| 2. Location of optical device | 5. Chains  |
| 3. Metal column               |  |

11267  
CSO: 3519/505

## LAND REGAINED FROM SEA AT CHERBOURG FOR SUB CONSTRUCTION

Paris COLS BLEUS in French 14 May 83 p 22

[Article by R. Moirand: "Something New for Construction of Submarines"]

[Text] The modernization of the "Ways" sector has taken a spectacular turn with the reception, by Maritime Works, of the new 5-hectare parcel of land reclaimed in the shallow part of the roadstead.

It took no more than 9 months to make this landfill by means of which the submarine-construction yard will be able to expand without affecting its inland boundary. The cost should total some Fr 32 million.

The work in progress on the wreck of the "Soleil Royal" has forced the Navy to reserve a zone of 300 m<sup>2</sup> for the divers. In effect, the area where some debris from the big ship that went down during the battle of La Hougue has to be prospected. But that will not prevent the start of construction, at the end of the year, of the future "hull shop," a building of several hectares, before construction of the bay for building the seventh SNLE [Missile-Launching Nuclear Submarine], which will be laid on the ways in 1988.

In deciding to write this new type of strategic submarine into the 1984-1988 programming law, the Council of Ministers has in effect given its go-ahead to the Cherbourg naval yard, which will devote a sizable budget--more than Fr 1 billion--to its new infrastructures.

11267  
CSO: 3519/504

## SHIP MOVEMENTS IN PACIFIC, INDIAN OCEAN, MEDITERRANEAN

Paris LA NOUVELLE REVUE MARITIME in French May 83 p 90

[Article: "Movements"]

[Text] At the conclusion of a 6-month hydrographic mission in the Antilles-Guyane maritime zone, the "d'Entrecasteux" left Fort-de-France on 22 March to sail to Brest, on 15 April after a call at Bridgetown and in the Cape Verde Islands [as published].

After many years spent in the Indian Ocean maritime zone as a command and fuel-supply ship, the "Charente" has returned to France. It arrived in Toulon on 29 March after a call at Piraeus from 22 to 24 March 1983. The "Charente" has been replaced in the zone by the fuel-ship "Var," just recently placed in active service.

The ocean-going tow-boat "Tenace," which recently took part in a campaign of fishing assistance and surveillance off Newfoundland, has returned to France. It arrived at Brest at the beginning of April.

The dispatch-boat "Detroyat," which had sailed from Brest on 1 February for a presence mission in the Atlantic-Guyane zone, made a brief call at Belem (15 to 18 February).

Continuing the 1982-1983 training campaign for the Navy's cadets, the group "Jeanne d'Arc" and "Doudart de Lagree" stopped at Manila, in the Philippines, from 18 to 24 February, and then at Singapore from 3 to 8 March. On that occasion, they took on the bodies of Commander Doudart de Lagree and Lieutenant Senior Grade Francis Garnier. The remains of these two illustrious navy men, transported to Singapore through the efforts of France's consulate general in Ho Chi Minh City (formerly Saigon), will later be buried in France.

The group then called at Cochin (India) from 15 to 20 March.

11267  
CSO: 3519/504

## BRIEFS

AIR FORCE ORDERS 30 MIRAGE 2000--Beno Valliere, Dassault-Breguet's president and chief executive officer, announced that the French Air Force had signed a purchase contract for 15 nuclear attack Mirage 2000 aircraft. This contract is expected to be followed "in a few days" by another order for 15 interceptor Mirage 2000's. Procurement of these 30 aircraft powered by a SNECMA M53-P2 engine rated at nearly 10,000 tons of thrust will be financed under the 1983 defense budget. Valliere revealed that French Air Force orders for Mirage 2000's now total more than 70. Before this recent contract, orders had been received for 48 aircraft: four in 1979, 22 in 1980, and 22 in 1981. A 1982 order for 25 aircraft was subsequently cancelled. The military programming law calls for a total 165 Mirage 2000's. Four foreign countries have also purchased this aircraft: India (40), Egypt (20), Peru (26), and Abu Dhabi (18). [Text] [Paris LE ECHOS in French 30 May 83 p 18] 8041

LAST BATRAL AT BREST--The "Jacques Cartier," the last of four programmed BATRAL's [Light Transport Ship], arrived at Brest on 13 April from Rouen where it was built. Like the "Dumont d'Urville," its sister ship commissioned a few months earlier, the "Jacques Cartier" will serve in the Pacific. It is now undergoing sea trials in the Second Naval District before departing for Canada where it will participate in ceremonies commemorating the 375th anniversary of the foundation of Quebec. [Text] [Paris COLS BLEUS in French 21 May 83 p 21] 8041

NEW TORPEDO PLANNED--Development of a new lightweight torpedo was approved in September 1982. It is designed to arm our surface ships--for launch from tubes, missiles, or shipborne helicopters--and our antisubmarine warfare aircraft, for use against the high-performance submarines scheduled to become operational by 1990. The considerable advances projected--or even already made--in modern submarines, particularly with respect to speed, maximum operating depth, and use of passive and active countermeasures, prompted definition of a torpedo with capabilities one or two times superior to those of torpedoes currently in service. This decision was made possible by the findings of feasibility studies conducted jointly by the DGA [General Delegation for Armament] and industry. This new torpedo has been designated Murene. [Text] [Paris ARMEE ET DEFENSE in French Mar-Apr 83 p 23] 8041

EXERCISES IN CARIBBEAN, BALTIC--The frigate "Tourville," flying the ensign of Rear Admiral Lescq, commander of the Atlantic Squadron, the corvette "Aconit" and the fuel-supply ship "Durance" left Brest on 28 March for a training and presence mission in the Antilles-Guyane zone. Calls at San Domingo (Haiti), San Juan in Puerto Rico, Willemstad on the island of Curacao, Port of Spain (Trinidad) and Puerto Cabano (Venezuela), and visits to Martinique and Guade-oupe, of course, have been planned. During March, the "Colbert," flying the ensign of Admiral Louzeau, commander of the Mediterranean squadron, the "Foch" and a corvette made an exercise sortie during which they called at Barcelona from 15 to 18 March. [Excerpt] [Paris LA NOUVELLE REVUE MARITIME in French May 83 p 89] 11267

TRAINING ON COLBERT, FOCH--The cruiser "Colbert," flying the ensign of Admiral Louzeau, commander of the Mediterranean Squadron, accompanied by the aircraft-carrier "Foch," arrived in Barcelona on 15 March for a 3-day call. The two ships returned to Toulon on 19 March, after a long period of training for the aircraft carrier on the "Foch." [Excerpts] [Paris COLS BLEUS in French 16 Apr 83 p 21] 11267

'DUCUING' ASSIGNED TO MEDITERRANEAN--The "Commandant Ducuing," the 15th ship of the series of 1,250-ton dispatch boats, has arrived at Toulon to be assigned to the Light-Vessels Fleet of the Mediterranean. [Excerpt] [Paris COLS BLEUS in French 30 Apr 83 p 18] 11267

CSO: 3519/505

## DEBATE OVER SOVIET MOTIVES BEHIND SUB INCURSIONS CONTINUES

## Admiral Cites Limited Antisub Resources

Stockholm SVENSKA DAGBLADET in Swedish 19 May 83 p 3

[Article by Rear Adm Gunnar Grandin]

[Text] Gunnar Grandin is a rear admiral who at one time headed the Naval Materiel Administration.

He was chairman of an Armed Forces working group that produced a preliminary report concerning the events in Harsfjarden.

As chairman of the Armed Forces working group that prepared a preliminary report in the fall of 1982 concerning the incident in Hars Bay, I looked forward with great interest to the report by former Minister Sven Andersson on the same subject, the reason being that our report was submitted as a basis for the minister's report. The report that was published and its presentation in the mass media lead me to these reflections and comments.

Concerning verification of the presence of Soviet submarines in our archipelago area and their identification, Sven Andersson was more certain and definite than we were. This must be viewed against the background of the fact that his committee analyzed our basic data in an especially critical manner and did not accept anything as fact without first checking it out.

Further investigation and the additional data that gradually came to light obviously convinced him fully of what was happening. And the Soviet leadership was not slow in confirming his opinion by beginning its operation in Sundsvall. Everyone obviously agrees as to what is going on.

## Bigger Question Mark

When we come to the question of proposed measures for dealing with the situation, the question mark becomes bigger. Sven Andersson is proposing measures that will add 250 million kronor to the 200 million already appropriated. Now the politicians are debating how to come up with that money.

The first question is: why precisely 250 million kronor? Quite a number of measures are discussed in the public report, and they seem to be quite in order. But Sven Andersson stated on TV that it would be impossible to spend more than 250 million kronor during the entire period covered by the defense decision, while the navy chief of staff has said that 250 million kronor per year would be a more reasonable figure. How can two such authoritative individuals say such different things?

The explanation is that Sven Andersson has proposed comprehensive measures covering equipment, research, and development. The proposals concerning weapon platforms, on the other hand, are more limited. The navy chief of staff says that a sizable increase in the number of vessels and helicopters for antisubmarine operations is needed. So the first step should be to place the orders as soon as possible for equipment already included in the plans.

That is also what the preliminary report said. It is all well and good to investigate, develop, and procure security systems and other equipment, but we must also have mobile and suitable weapon platforms that can locate and identify foreign submarines and force them to the surface.

#### Gradually Fewer Resources

We have recently extended our outer territorial waters to 12 nautical miles from the base lines. This gives us greater possibilities for surveillance and intervention than before, but it requires resources. The measure entails responsibility. It has been said that our coastline is so long that we cannot be everywhere at once, and that, in itself, is true. But a system of fixed and mobile reconnaissance and weapon platforms can considerably reduce an intruder's freedom of movement.

The problem with us is that our underwater surveillance component has largely disappeared, and that fact has been well noted abroad. The parliamentary report describes clearly and explicitly how our ASW resources have gradually been reduced since the 1958 defense decision, but it draws only partial conclusions from that observation.

#### Eliminating our Defense Forces

Previously, we expected mainly to engage in antisubmarine warfare at sea: submarines do not enter the archipelagos because of the difficulty of navigation and the fact that we have defenses at the entrances. In wartime, when our minefields are completely laid out, entry becomes more difficult for submarines--much more difficult than in peacetime. If war breaks out, therefore, it may be practical for an aggressor to be on the spot right from the start--before the mines are laid--and to carry out appropriate operations aimed, for example, at eliminating our defense forces before they even go into action. That may be one objective in what is going on now.

It may seem odd that we have not paid enough attention to minisubs or midget submarines. They were used by both sides in World War II and yielded some spectacular results. We procured our own--the "Spiggen"--precisely for the purpose

of studying the possible effect of such submarines. In fact, it was right up in Uppsala and could therefore provide a real background for Olrog's "sailing up the Fyris River in an underwater boat."

The fact that so little interest was subsequently shown in countermeasures against that type of submarine has to do with the general fading away of the priority assigned to antisubmarine warfare. This was not entirely the fault of the politicians.

#### Serious Gap

Unfortunately, a new background to Olrog's ballad has appeared, and it is much more fateful. To catch submarines of this kind, we must increase our ability to "see under water." We currently have under construction two so-called minehunters--the "Arholma" and the "Landsort." They will be equipped with a hydroacoustic search system that can detect seabed mines and, with even greater reliability, small submarines. Such vessels provide the best means of catching midget submarines inside the skerries.

Our navy plans included no fewer than nine minehunters to be ordered in 1976. If those plans had been carried out, the minehunters would be in existence today. Because of a very tight economic situation in the Armed Forces in the mid-1970's, the minehunters were postponed. The only thing on the way now is the two above-mentioned vessels.

It should also be observed that the main task of those vessels so far has been to detect and neutralize seabed mines. We are searching for submarines at the moment, but who knows whether the next time it might be mines? With the reduction of our mine clearance organization that is now underway, another serious gap has appeared. It seems urgent to replace our 12 minesweepers of the Arko class with an equal number of modern minehunters as soon as possible.

#### Hand on the Forehead

The report proposes that four of the air force's Vertol helicopters be rebuilt for minehunting duties. An increase in the number of helicopters is necessary and welcome. Whether that measure will be enough is another matter. The incident in Hars Bay occurred just outside our helicopter base, but even so, a considerable strain was placed on our helicopter resources. A system of helicopters capable of quickly reaching the scene and of vessels which, because of their greater endurance, can keep continuous watch on a contact seems to be the best combination for antisubmarine warfare.

Out at sea, in our outer territorial waters, antisubmarine vessels are not the most suitable solution. What is needed there is another type of hydrophone equipment: a towed arrangement that can be set at variable depths to offset the sharp variations in the underwater propagation of sound due to temperature, salinity, and so on. We also need to be able to move faster and over greater areas.

The two surface attack craft now under construction--the "Stockholm" and the "Malmo"--will have the equipment in question and are considered to be a suitable type for further development. In the first round, we ought to see to it that the six oldest Spica boats, which will not be modernized, are replaced with such vessels.

It was once being suggested in some quarters that we should transfer money from defense to aid for developing countries. And now voices have been raised saying we should move in the opposite direction. One certainly holds one's head on reading that 6.7 billion kronor are being allocated in 1 year to aid to developing countries without any serious political opposition while we ourselves are plainly having great difficulty getting our hands on 250 million kronor--over a 5-year period!--with which to help ourselves. Is anyone going to take our will to resist seriously?

#### Soviet Leadership Is in Control

It appears all too often from the debate that some people here at home are not taking the matter too seriously anyhow. "Maybe they would like to stop in the Soviet Union, but it is so complicated, and it takes so long." "We have to give them time, perhaps even years." "The socialist (Russian) state is so bureaucratic, of course, and we must show understanding for that."

With 45 years of naval experience behind me, however, I cannot understand anything except the fact that the signal "Operation canceled; return to base" ought to be enough. Anyone who believes that some subordinate commander in the Soviet Navy is carrying on this activity on his own is totally mistaken.

I have met with Gorshkov, admiral of the fleet of the Soviet Union, on several occasions, and I am convinced that nothing important happens in the Soviet Navy without his approval. It is equally out of the question that he himself would be directing this operation without contact with the political leadership. One does not remain commander in chief of the navy for 28 years, become deputy minister of defense, and build up such a powerful navy without close contact with the political leadership. But as to who initiated the activity and what its purpose is--that is another matter.

#### Danger of Gaps

The said Sergei Gorshkov has written a book entitled "Sea Power of the State," which was published in a Swedish translation in 1977. In the long run, and even though its description of history is not totally objective, it may become a classic on the science of war in the same class as books by Clausewitz and Mahan.

In his book, Gorshkov presents ideas on the expansion of the navy that we may find it very worthwhile to study. Above all, he sets himself up as spokesman for a balanced navy without gaps as well as for the need to have the navy's expansion tied to political objectives.

On several occasions, he emphasizes and gives examples of gaps and underscores the fact that it takes a long time to rectify them. That point may be especially worth noting at this particular time.

## Bigger Values at Stake

The controversy between our government and the Soviet Government over the submarine issue is embarrassing and even painful. And no one knows where it will end. All talk to the effect that submarine activity in our waters is continuing because of some sort of bureaucratic sluggishness in the Soviet decision-making apparatus is wrong. It is surely motivated by some kind of security policy assessment--commendable from the Soviet standpoint but particularly unpleasant from our own. The Soviet Union has demonstrated very clearly that it sees the gaps in our defenses and that it will not accept any response except real action.

The Submarine Committee has provided an exceptionally good foundation for such action, but in my opinion, it has been too cautious in its conclusions. Bigger values than those before us just now may be at stake. I do not believe that the Soviet leadership can be accused of being stiff and slow-footed.

If anything, it is we who deserve to be judged in that manner. To break the deadlock which seems to have arisen, I believe that systematically strengthening our defenses where they need it is a better method than coming up with constantly escalating statements and protests. In the long run, it will probably be the cheapest method as well.

### Experts' Theories Examined

Stockholm SVENSKA DAGBLADET in Swedish 22 May 83 p 3

[Article by Kristian Gerner, specialist on East Europe and the USSR]

[Text] Kristian Gerner is a historian in Lund and a specialist on East Europe and the Soviet Union.

The grounding of Soviet Submarine 137 in Gasefjarden outside Karlskrona in the fall of 1981 was not just an important event militarily. The more long-term effects of its running aground have to do with the Soviet Union's image in Sweden.

The Soviet submarine's presence in Swedish territorial waters came as no surprise to military experts or to experts on the Soviet Union in Sweden. The thing that surprised both groups of experts was the fact that a submarine ran aground.

The mass media and many politicians, however, seemed to be surprised by the event itself--that is, a Soviet naval operation in Swedish waters. In those quarters, people had been following the empirical rule which says that what you don't see with your own eyes, hear with your own ears, or feel with your own hands does not exist.

The submarine's physical presence on the shoal proved that those military men with their "budget submarines" and those Sovietologists, with their talk about the Soviet Union being a dictatorship that had demonstrated through its invasion

of Afghanistan that it was prepared to pursue its foreign policy by military means even outside its own bloc, were right after all.

#### Unpleasant Truth

But surely things could not be that simple, could they? The military and the Sovietologists could not be right, could they? If they were really correct in their analyses of the military situation and of the Soviet Union's foreign policy, the truth would become unpleasant, indeed even alarming. The evidence provided by our eyes, ears, and hands could perhaps be interpreted as resulting from something other than deliberate and intentional Soviet policy, couldn't it?

The official Soviet explanation that Submarine 137 simply made a navigational error does not seem to have been accepted by very many politicians or molders of public opinion in Sweden. That version has been embraced only by the picturesque willing defenders of any and all Soviet policy--regardless of its nature. A more sophisticated variation of that explanation was the one produced by Lars Werner, leader of the VPK [Left Party-Communists], who said that the incident involving Submarine 137 indicated that the political leadership in the Soviet Union was not in full control of its military.

Werner's comment is worth taking seriously. The first thing to be noted is that Werner has never before shown such interest in what are practically "Kremlinological" nuances in his assessments of Soviet behavior toward the surrounding world. The submarine's obvious presence was the reason for that late-blooming interest in analysis. The other important thing in Werner's argument is the shift away from explaining the grounding to excusing it: Werner was suggesting that it was actually an anomaly and not a representative expression of Soviet foreign policy.

#### Military Credibility Strengthened

The first tangible result of Submarine 137's surfacing was a strengthening of the Swedish military's credibility: it had been right about foreign submarines in our waters. The second direct result was that people in Sweden--even within a brother party to the CPSU--recognized that the Soviet Union must be analyzed like any other country.

Without Submarine 137, there would have been no investigating committee following the events in Harsfjarden in the fall of 1982. Submarine 137's actual presence made it legitimate to really try to clear up the reasons for the new sightings. And without Submarine 137, it is not likely that there would have been any direct pointing of the finger at the Soviet Union as the one responsible for the operations in Harsfjarden.

Since the incident with Submarine 137, the public debate in Sweden--except for the above-mentioned picturesque contributions to it--has come to be concerned not with whether the Soviet Navy is operating in Swedish waters, but why it is doing so. The discussion has come to be concerned with the Soviet Union's political structure and its foreign policy objectives.

## Why Instead of If

That which formerly struck politicians and other molders of public opinion--especially in the so-called peace movement--as being unimportant and unworthy of attention has finally become something that must be attended to. The point at issue now seems to be not whether the Soviet Union is pursuing an aggressive policy toward Sweden but why the Soviet Union is doing so. There are three principal lines of argument in the debate:

1. The Soviet Union is being forced to operate in Swedish waters because the aggressive nuclear policy of the United States and NATO makes it necessary for the Soviets to be able to deploy nuclear-armed submarines in our country (Norwegian peace researcher Johan Galtung's argument).
2. The Soviet Union's military leadership is acting on its own, without orders from the political leadership to do what it is doing against Sweden (Werner's argument).
3. The Soviet leadership wants to use both military and political means to force Sweden to bend its neutrality policy in a direction more friendly to the Soviet Union (the argument advanced by Ingmar Oldberg, researcher for the FOA [Defense Research Institute], and conflict researcher Wilhelm Agrell).

## Serious Situation

Galtung's argument and others in the same vein shift the blame for violations by Soviet submarines onto Washington and Brussels. What they are saying is that to understand those violations, we must study not the Soviet Union but the United States and NATO. The weakness in that argument is that it ignores the real actor in this situation: the Soviet Union. Actually, it is an acknowledgment of interpretations of the type advanced by Oldberg and Agrell, but with the difference that what Oldberg and Agrell present as an observation is transformed into a recommendation: Sweden ought to take action against the policy of the NATO countries, Norway, and the United States in order to get the Soviet submarines out of its waters.

Werner's argument is the most interesting, because if it is true, it indicates that the situation is very serious: perhaps as the next step, the Soviet Army and the Soviet Air Force--indeed, perhaps even the Soviet Rocket Forces--will also begin operating on their own in Sweden. That argument, which incidentally has turned up throughout the debate, deserves a closer look. The reason is that there is a great deal of research and knowledge in the West concerning relations between the political and the military leadership in the Soviet Union.

## Dynamic Military Elite

A Russian sociologist who is now active in the United States--Dimitri K. Simes--has made thorough studies of civilian-military relations within the Soviet leadership. He points out that the military are represented in the Soviet Union's highest governing body: the Politburo. At that top level, the military have a monopoly on all knowledge concerning military tasks and interests. The

"civilian" party leaders have no experts in security policy of their own that they can play off against the military leadership.

Supported by Soviet sociology, Simes shows that the military elite has crystallized into a special social group which is increasingly recruiting new officers from its own circles. During the Brezhnev era, the military elite successfully carried out a rejuvenation of its cadres, whereas the civilian leadership is simply growing older and older.

This probably means that while the party leadership is growing increasingly rigid and unenterprising, the military elite are becoming the dynamic and active factor in Soviet policy, including foreign policy. Referring to conversations with highly placed Soviet informants, Simes claims that the decision to send a "limited contingent" of Soviet troops to Afghanistan in 1979 was made on the basis of military assessments and reports concerning the situation.

#### Not Just a Tool

Simes reaches the conclusion that there is no conflict between the civilian and the military leadership in the Soviet Union. But neither are the military simply a tool for the political leadership. Military views and proposals are especially conspicuous in Soviet policy because the party leadership has grown accustomed to thinking only in military terms when it comes to security policy.

According to Simes, it is not surprising that military solutions--force--are being adopted in foreign policy. The Soviet leaders regularly employ compulsion and force in exercising power inside the country, and there is no reason to think that they would treat foreign citizens any differently than they do their own subjects.

#### Continuing Militarization

Experience throughout the postwar period has taught the Soviet leaders that the most reliable tool for a successful foreign policy is the military one. When it comes to economic penetration and cultural influence in other countries, they have no chance against the United States and the West in general.

But the strong reliance on military coercion has strengthened the position of the military within the decisionmaking process in the Soviet Union. Khrushchev tried to reduce the role of the traditional military forces, and all of Soviet society took on a more civilian tone under him than it had had under Stalin. But the past 20 years have seen a continuing militarization of many aspects of life in the Soviet Union, especially in the educational system. This is true from kindergarten to institutes of higher education and within the youth organizations. The ideal picture of the new socialist man that now stands out is that of the soldier in a Soviet military uniform.

#### KGB in Stronger Position

There are strong reasons for rejecting what I have called "Werner's argument." For one thing, the military are represented at the highest decisionmaking level,

with the result that all important decisions are made jointly by the military and the civilian leaders. For another, the military element in social life is so strong in the Soviet Union that one can speak of a "party and army state" as successor to the former "party state."

In that connection, we must not forget that the KGB--the security police--has also strengthened its position, so we can also speak of a "KGB state." It was an event of great symbolic importance when Andropov, former head of the KGB, was named party leader in November 1982 with the support of Marshal Ustinov, minister of defense and member of the Politburo. In May of this year, it was revealed that Andropov had also become chairman of the Defense Council--that is, the equivalent in practice of Sweden's supreme commander of the Armed Forces.

If the Soviet military were doing something that the civilian party leadership had not approved, it would mean that Supreme Commander Andropov was doing something that the party leader of the same name was not in on. That is obviously absurd. The point is that the foreign consequences of the militaristic foreign policy do not have any domestic policy effects in the Soviet Union.

Mailed Fist

Ingmar Oldberg and Wilhelm Agrell do not agree on all points concerning the Soviet Union's policy. But what both of those experts have in common--and it is worth bearing in mind--is that they do not regard the Soviet submarine operations in Swedish waters as something accidental or all but unintentional. They interpret those operations as being an emanation of consistent and purposeful Soviet security policy.

What we must do from now on to avoid being surprised again is not simply to stare around looking for submarines. We should use every possible means to keep up with developments in the Soviet Union and in that country's conduct everywhere in the world so as to protect ourselves from unpleasant surprises in the future. The submarines are not our main problem. Our main problem is the Soviet Union's offensive security policy in general, which we must learn to live with and protect ourselves against. And that is a matter of keeping generally informed and a political matter as much as it is a military matter.

Since Submarine 137 ran aground, everyone who wants to know knows that inside the kid glove of Soviet peace propaganda is a mailed and clenched fist. That fact remains true even if no more Soviet submarines appear. And awareness of it ought to continue even after the water turns calm again.

Soviet Technical Journal Described Minisub

Stockholm SVENSKA DAGBLADET in Swedish 27 May 83 p 8

[Article by Sune Olofson]

[Text] In April 1982--6 months before the Soviet minisubs began wandering around Harsfjarden--a detailed description of those minisubmarines appeared in the Soviet journal TECHNOLOGY AND ARMAMENT.

But the Swedish military intelligence services, which are supposed to clip articles out of military magazines, did nothing. Nor did anyone on the Swedish Defense Staff sound the alarm, even though the magazine TECHNOLOGY AND ARMAMENT has long been available in the Defense Staff library, which subscribes to it.

The result was that when the Submarine Committee issued its report in April of this year, it noted that during their submarine hunt in Harsfjarden, by defense forces had come up against a new and bewildering technology.

#### Detailed Article

The April issue of TECHNOLOGY AND ARMAMENT contains an article several pages long on minisubmarines. It says that the submarines are from 16 to 20 meters long, that they weigh 40 tons, have speed of 16 knots underwater, are powered by diesel engines and batteries, have a range of 60 nautical miles and an endurance of 12 days, and can take a complement of from four to six men on board. The data are supplemented with detailed drawings.

The article says that the special mission of the minisubmarines is signal jamming and minelaying--an interesting function. While hunting for submarines, the Swedish defense forces suspected that minisubmarines were able to confuse the search, trigger mines, and disrupt conventional ASW equipment.

The article's author talks about "reports in the West," which he says has long been familiar with minisubmarine technology.

#### Known for a Long Time

The Defense Staff knows, however, that when Soviet magazines refer to sources in the West, they usually do so as a way of concealing their own resources and new technology.

Staff editor H.G. Westberg at Defense Staff Headquarters says that the Swedish Armed Forces have known since World War II that minisubmarines existed.

"But we did not know what they were used for militarily, and we did not think that they might be used to violate Swedish territory in peacetime."

#### Examples Given

But if someone in the Naval Staff's intelligence section, for example, or the military attache in Moscow had read the April issue of TECHNOLOGY AND ARMAMENT, Swedish information would have been considerably better. The article provides no fewer than eight different examples of how minisubmarines can be used militarily.

H.G. Westberg says that there is nothing to indicate that this particular type of minisubmarine was the one used in Hars Bay.

## Soviet Ship Denied Calling Permission

Stockholm SVENSKA DAGBLADET in Swedish 28 May 83 p 37

[Excerpt] Sundsvall and Umea (TT)--The Soviet state-owned ship "Professor Khlyustin" has been denied permission to call at the port of Rundvik, south of Umea, to take on a load of lumber.

A spokesman for the Defense Staff said: "We do not consider it appropriate at the moment, and we believe that instead of reapplying for permission this time, the vessel will sail home."

Soviet state-owned ships visit Sweden regularly. They must have government permission every time they enter a port, and such permission is often granted.

Before the government makes a decision, it consults with the Defense Staff and others, and this time the Defense Staff recommended a definite no.

## New Taxes To Fund Antisub Measures

Stockholm SVENSKA DAGBLADET in Swedish 26 May 83 pp 1, 6

[Article by Claes-Goran Kjellander]

[Excerpt] The oil tax will be increased by 120 kronor per cubic meter on 1 November, and the electricity tax is going up by 1.2 ore per kilowatt-hour on 1 July.

That was the final amount decided on following one more day of intense negotiation in Parliament. On Wednesday evening, the VPK and Social Democratic parliamentary groups approved the government bill to raise the employers payroll tax by 1 percent.

The special employers payroll tax--which is to remain in effect for only 6 months--will provide the money the government wants to introduce more measures for holding down unemployment this fall.

The VPK is calling the new tax a "national defense levy," desiring in that way to call attention to the fact that it was actually the VPK's basic demand that was approved.

By seeking a majority across party lines--obtaining support from the middle parties on the oil tax for antisubmarine defense and from the VPK on the electricity tax and the employers payroll tax to provide funds for the AMS [National Labor Market Board]--the government has obtained most of the money asked for in the supplementary budget bill.

11798

CSO: 3650/201

## LOS TREATY SEEN DAMAGING TO FRG INTERESTS

Stuttgart MARINE-RUNDSCHAU in German May 8 pp 222-227

[Article by Rainier Mennel: "The UN Sea Law Conference and the Consequences Regarding Maritime Space"]

[Excerpts] The author, a private lecturer on geography at the Berlin Free University, in his article examines the consequences of the new sea law convention of December 1982 regarding the industrial nations.

## FRG's Maritime Interests

With its maritime economic zones in the North Sea and the Baltic, the FRG is among the geographically disadvantaged countries. Looking at an international comparison, the FRG, in accordance with its share of the continental shelf, which was proclaimed already on 20 January 1964, is in 93rd place. As a seafaring nation, the FRG was in 11th place worldwide in 1975 with 8.5 million GRT and a share of only 2.5 percent out of the world's merchant fleet (GDR, by comparison: 1976, 1.2 million GRT).

As a country depending on the world market, the FRG depends on imports and exports. Raw materials, semi-finished products and partly finished products are imported while industrial and commercial finished products are mostly exported. The domestic market is nowhere near big enough to make full use of industry's production capacities. World trade and the maritime communications lines going overseas which are important for world trade therefore are of vital significance for the FRG. This external security is something which the GDR cannot establish through its own strength. It depends on the NATO Alliance. It is in West Germany's basic interest to do everything to restore the global balance which has been shaky for quite some time now--with the most important allies, the United States, Great Britain, France, and Canada.

Regarding the sea law convention, the FRG is not hard-pressed in terms of time because the signing deadline is 2 years and membership is possible at any time thereafter. After signing, all of Bonn's serious objections could not longer be advanced credibly with the goal of new negotiations.

The new convention makes it almost impossible for German industry--which holds a leading position in international technology--to participate. It therefore cannot be in the FRG's interest to sign or perhaps even to ratify the convention in its current form. Bonn is in agreement regarding rejection with London and Washington and this means that the three potential main sources of money do not belong to the sea law convention.

The ocean bottom treasures, which are most used today and which will continue to be most important for quite some time to come, are in the shelf regions. The petroleum and natural gas reserves present in the shelf regions have been estimated at 20-25 percent of the world's reserves. Exploration and utilization of the partly very large supplies of the most varied other raw materials are still in their beginning. The most interesting deposits are found in the area of the deep-sea basins in the vast deep-sea plains, the hill regions, and the fault zones, especially in the Pacific. This involves mostly the wide-spread manganese nodules.

The Mediterranean ridges and their tectonic continuations of course do reveal mineral raw materials but because they are generally located far from land and because of the complicated ocean bottom relief in the crest region, exploration has been postponed. Deposit prospecting has been started only in one spur of the Central Trough, the Red Sea. Metal-containing salt brine rises from the bed rock in particularly deep spots in the trough. In the salt-rich water the dissolved metal chlorides are quickly converted into insoluble compounds which sink to the bottom in the form of sulfides and oxides and which form a finely graulated ore sludge. The first such ore sludge basin was discovered in the Red Sea in 1963. The average metal content are as follows: FE 29 percent, Zn 3.4 percent, Cu 1.3 percent, and Pb 0.1 percent. These contents of course do fluctuate. Zinc may be enriched here up to 9 percent and copper up to 4 percent.<sup>8</sup>

All of the three main forms of ocean bottom of course do contain useful minerals in large quantities but, for the rest of this century, only the exploitation of the shelf region will have priority. In addition to the previously mentioned petroleum and natural gas deposits, the phosphate deposits in the shelf region are also important for economic use. Phosphate--which is needed above all to make fertilizer--is enriched in the form of apatite in the form of nodules or crusts mostly in regions with cold, nutrient-rich water welling up from the bottom. The phosphate is precipitated along the upper continental slope and on the shelf as a result of the temperature increase during upward movement and rise in the ph value.<sup>9</sup> Off Mexico and California, it has already been possible to confirm the economic feasibility of working marine phosphate deposits. The deposits of rearranged minerals on the ocean bottom will play an even greater role in the future. This includes high-grade, metal-containing placers and diamonds which are found mostly in drowned river valleys of flat shelves (for example, Sunda shelf between Sumatra and Borneo, where rich tin deposits were found). Rutile, as the most important titanium ore, is found particularly in the sands of the region of breakers and in marine placers, above all off the coasts of Australia where 95 percent of the rutile produced worldwide are being mined; 70 percent of the world's zircon output--this being a high-strength metal which is used in nuclear power plants and for missile engines--come from the placers off Australia.<sup>10</sup>

The raw materials of the deep-sea bottom also would seem to gain increasing significance for the development of new extraction methods. In addition to the manganese nodules, there are other deep-sea sediments whose mineral content call for future utilization, for example, Red Deep-sea Clay which covers vast areas in the Deep-sea Basins. Because Red Deep-sea Clay, according to Rosenkranz, covers an area of about 102 million square kilometers (about 28 percent of the ocean bottom) and has a thickness of 200 meters, we have a powerful potential of useful minerals which exceeds all hitherto known ideas of such deposits. This also applies to the high accumulation rate.<sup>11</sup>

The share of raw material procurement coming from the ocean bottom reveals a rising trend. The association of useful ocean bottom treasures, in terms of space, with the individual major submarine features, shows that very large raw material deposits can be found above all in the area of the continental shelves, the Deep-sea Plains, and the fault zones and also in some parts of the central oceanic ridges.

### Conclusion

The decision on the new sea law convention--joining and ratification versus rejection and efforts to work out a new ocean system--must not be guided by wishful thinking but by the particular followup costs. The introduction of access restrictions and price controls such as it has been demanded by many Third World countries--seems justified neither for reasons of allocation nor for reasons of distribution policy. Measures of this kind are intended to slow down the decline of real prices. Price and quantity controls especially on the manganese market will lead to an income redistribution among the industrial countries of the West and the between the developing countries in favor of the few producers. In case of production restrictions, efficient allocation of resources will be prevented because in that case the sequence of deposits to be worked (deep-sea mining versus land mining) would not be determined by economic criteria. Free competition, finally, would be replaced by the monopolistic supply control exercised by an international agency which cooperates with the few producing developing countries.<sup>12</sup>

The planned regulations of the convention in the fishing industry, continental shelf utilization, and deep-sea mining do not in the remotest correspond to good economic common sense. It is a negative sign for relations between Western industrial countries and the Third World that confrontation was chosen instead of compromise during the Third UN Sea Law Conference. The industrial countries were steam-rollered by the "voting machine" and the United States responded by walking out. The FRG could likewise refuse to sign the agreement but would seem to find it more difficult than the United States, a super-power, when it comes to making sure that its interests prevail without the new convention which must be accepted as a whole.

The territorIALIZATION of the world's oceans and their regional subjugation to national jurisdiction has unforeseeable negative repercussions on ocean research.

The effects of the new sea law convention in terms of space are so considerable that one can, without fear of exaggeration, describe the territorization of large parts of ocean space as "the biggest land grab at sea in history." The new sea law convention originally was supposed to regulate only fishing rights, international shipping, environmental pollution, ocean research, ocean mining, and other items. As a result of the change in the international community of states--dissolution of colonial empires, etc.--over the past 30 years, a new regulation of sea law was a basic requirement. This regulation however would have had to involve a functional approach to the rearrangement of sea law. The territorial approach prevailed so that ocean space--and the doors are wide open here also for arbitrary action if it is backed by the corresponding naval power--to a great extent is subjected or will be subjected to national partition. This has caused not only a gash in the development of sea law which was marked by the "free sea" principle but the basic idea of the "common heritage of mankind" is thus reduced to absurdity.

#### FOOTNOTES

9. Ulrich, Johannes, "Exploration and Utilization of the Ocean Bottom," GEOGRAPHISCHE RUNDSCHAU, 31 (1979), p 501.
10. Loc. cit., p 502.
11. Rosenkranz, E., "Das Meer und seine Nutzung" [The Ocean and Its Use], Study Library for Teachers, Volume 14, Gotha, Leipzig, 1977.
12. Feders, Federico, and Kim, Chungsoo, "Prospects of the Manganese Market on the Eve of Deep-sea Mining," DIE WELTWIRTSCHAFT [The World Economy], No. 1, 1982, p 94, Tuebingen.

5058  
CSO: 3620/362

END