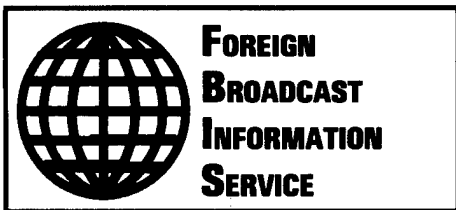


JPRS-NEA-93-019
8 February 1993



JPRS Report

Near East & South Asia

DTIC QUALITY INSPECTED 2

DISTRIBUTION STATEMENT A
Approved for public release;
Distribution Unlimited.

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

19980507 132

Near East & South Asia

JPRS-NEA-93-019

CONTENTS

8 February 1993

NEAR EAST

REGIONAL AFFAIRS

Kuwaiti Minister Discusses Regional Relations [London AL-SHARQ AL-AWSAT 9 Jan]	1
GCC Official on Future Cooperation [London AL-HAYAH 3 Jan]	6
Turkish Designs Over Water Issue Lamented [London AL-HAYAH 3 Jan]	9

PALESTINIAN AFFAIRS

Additional Details on Hamas 'American Connection' [Tel Aviv HA'ARETZ 1 Feb]	10
Commentator on Hamas Policy, Armed Struggle [London AL-SHARQ AL-AWSAT 5 Jan]	11
Negotiations' Future, Deportee Case Analyzed [London AL-SHARQ AL-AWSAT 15 Jan]	12
Parties React To Ministry Ban on Parties [London AL-SHARQ AL-AWSAT 11 Dec]	13
MB Internal Debate: Govern or Oppose [London AL-SHARQ AL-AWSAT 11 Dec]	15
Chronological, Demographic Trends in Settlements [Jerusalem AL-NASHRAH AL-ISTRATIJIYAH Mar]	15
Report Profiles Black Panther Officer [Baqah al-Gharbiyah AL-BAYARIQ 30 Oct]	18
Army Arrests Reporters, Violates Civil Rights [London AL-QUDS AL-'ARABI 28 Dec]	20
Report Summarizes 1992 Violence in Territories [London AL-HAWADITH 25 Dec]	20
Negotiator on Feasibility of New Economy [Jerusalem AL-NAHAR 25 Nov]	21

BAHRAIN

Full Foreign Ownership of Business Becomes Legal [London AL-SHARQ AL-AWSAT 15 Dec]	23
------------------------------------------------------------------------------------------	----

EGYPT

U.S. Motives in Somalia Questioned [AL-SHA'B 8 Dec]	25
Violence in Egypt's Political Islam Analyzed [Beirut AL-SHIRA' 23 Nov]	26
Border Infiltration Measures Adopted [London AL-SHARQ AL-AWSAT 23 Nov]	29
Government Seeks MB Control Through Union Law [London AL-SHARQ AL-AWSAT 9 Dec]	29
Officials Comment on Terrorist Threat [London AL-HAWADITH 11 Dec]	30
Industry Minister Encourages Applied Sciences [London AL-HAYAH 26 Nov]	32
Experts Discuss Building Code Violations [AL-WAFD 22 Oct]	34
Arab League Charter Changes Proposed [London AL-SHARQ AL-AWSAT 23 Nov]	37

IRAQ

Reorganization of Security Forces Explained [AL-IRAQ 9 Jan]	38
-------------------------------------------------------------------	----

JORDAN

Report Analyzes Policy After Strike on Iraq [London AL-HAYAH 22 Jan]	38
'Official Circles' Expect Interim Government [London AL-HAYAH in Arabic 25 Jan]	39
Official Analyzes Impact of PLO-Israel Contacts [London AL-HAYAH 25 Jan]	39

KUWAIT

Minister Cancels Removal of Non-Muslim Workers [London AL-SHARQ AL-AWSAT 11 Jan]	40
Shatti Threatens To Dismiss Finance Minister [London AL-MAJALLAH 13 Jan]	40
Warning Made Against False Financial Deals [London AL-HAYAH 5 Dec]	40

SAUDI ARABIA

Sultan Discusses Armed Forces, Disputes [UKAZ 14 Jan]	42
Growth, Impediments to Industrial Exports Studied [London AL-SHARQ AL-AWSAT 27 Nov] ...	47
Government, Banks, Shareowners Strangle Market [London AL-SHARQ AL-AWSAT 6 Dec]	48

SUDAN

UN Called 'State Department Directorate' [London AL-HAYAH 10 Dec]	52
Judicial Cooperation Agreement With Iran Signed [AL-SUDAN AL-HADITH 2 Dec]	52

TUNISIA

REALITES Sponsors Forum on Economic Issues [REALITES 31 Dec]	53
--------------------------------------------------------------------	----

REGIONAL AFFAIRS

Kuwaiti Minister Discusses Regional Relations

93AE0251A London AL-SHARQ AL-AWSAT in Arabic
9 Jan 93 p 5

[Interview With Kuwaiti Information Minister Shaykh Sa'ud Nasir al-Sabah by Khalil Matar in New York; date not given: "Kuwaiti Information Minister Shaykh Sa'ud al-Nasir al-Sabah to AL-SHARQ AL-AWSAT: Tehran Realizes That Its Intervention in Gulf Will Bring Greater Foreign Presence to Region"]

[Text] New York—After spending 12 years as his country's ambassador to Washington, Shaykh Sa'ud Nasir al-Sabah has been appointed information minister in the Kuwaiti cabinet. It is the Kuwaiti leadership's opinion that he will succeed in this task as he succeeded in his diplomatic task in the U.S. capital, especially in broadening the base of support given to Kuwait in the wake of the Iraqi invasion and during preparation for the war of liberation.

The first task entrusted to the new minister was to confront Iraqi Deputy Prime Minister Tariq 'Aziz at the Security Council, and the minister succeeded in refuting 'Aziz's allegations, especially those connected with Kuwait. In the wake of the council meetings, AL-SHARQ AL-AWSAT conducted a lengthy interview with Minister al-Sabah in which we reviewed all the developments.

The interview began with an assessment of the council meetings and current relations with Iraq and the international community. The minister said: "The meetings' main objective was to examine whether to terminate the sanctions imposed on Iraq, in case it submits to all Security Council resolutions, or to extend them. There was an evident consensus among the permanent and nonpermanent Security Council members that Iraq has not abided by all of the Security Council resolutions. It has also been the opinion of UN officials who have visited Iraq that matters continue to be unchanged and that Iraq continues to evade its obligations to the United Nations and the UN resolutions.

"The conclusion reached by the international community, and the Security Council in particular, is obvious. Iraq continues to possess enormous amounts of weapons of mass destruction and continues to reject the resolutions of the demarcation commission. This is an essential part of the issues raised, especially because Iraq's acceptance of and adherence to Resolution 687 means its adherence to all of the conditions of the resolution. To date, however, Iraq does not recognize Kuwait as an independent state, and it has not abided by the border demarcation.

"Because of all of this, I was convinced as of the start of the session that Iraq would not succeed in persuading the council to end the sanctions. The ball is still in Iraqi's

court. If Iraq complains that it is suffering from starvation and that its children suffer from lack of medicines, then there are special resolutions, including Resolutions 706 and 712, which refer to allocating money to secure foodstuffs and drugs. We know that large quantities of these materials enter Iraq, only to be monopolized by the regime that deprives the people of them.

"All these allegations are a desperate attempt on Iraq's part to present a distorted picture of the situation to the council. The main responsibility for the hardship primarily falls on the shoulders of the regime itself. There is no doubt that Iraq is trying to gain sympathy and sentiments, in addition to time, through propaganda that know is untrue. We know that all essential materials are available in Iraq and that the Security Council resolutions do not block the entry of food and medical supplies to Iraq. The international community is keeping its eye on these tricks.

"Personally, I do not imagine that the council will decide anything different in the near future."

[Matar] But the Iraqis believe that the Kuwaiti aspect of Resolution 687 has been applied and that the issue that persists is the issue of the Iraqi military property.

[Sabah] No, Iraq has not fulfilled all its obligations to Kuwait. A part of Resolution 687 (the cease-fire resolution) calls for delineating the borders. Iraq rejects the demarcation as agreed to by the independent international commission, and it has not attended the commission's latest meetings.

There is also the issue of detained prisoners. Iraq refuses to allow the International Red Cross Committee free movement so it can look for them.

All of these tricks are nothing but damning evidence that Iraq is not prepared to obey the Security Council resolutions. Moreover, there is the political aspect of Iraq's game, which believes that the change of U.S. administration will lead to a change in the U.S. position and which hopes that some gains will be made in this regard, such as alleviated sanctions or a change in the U.S. course toward Iraq. But I do not doubt for a moment that things will remain unchanged for Iraq because the U.S. policy toward it is a constant policy that has been charted by the current administration and that will persist under the new administration, especially because the U.S. public and the international community believe in this policy.

Developments in the Iraqi position have been more of a political game than an endeavor to present the Iraqi people's tragedy to the international community. This was obvious in Tariq 'Aziz's address. 'Aziz characterized the current U.S. policy as George Bush's policy and said that he hopes that Clinton's policy will change the conditions. This was an attempt to interfere in U.S. domestic affairs and to flirt with the new administration. Iraq also forgets that the administration makes decisions that are supported by the Congress. The Congress is fully

convinced at present that it is necessary to continue with the embargo. The Congress recently issued a resolution urging the administration to maintain the embargo until the last prisoner, Kuwaiti or any other nationality, is released from Iraq. This is a clear resolution that reflects the Congress's feelings. If we assume that President-elect Clinton wants change, he has to implement the congressional resolution first, meaning that matters are arranged in a certain order and that Iraq cannot manipulate them.

No Danger From Iran

[Matar] There is a lot of talk currently about nuclear weapons possessed by Iran and about renewed Iranian ambitions. Can this constitute a real Iranian threat to the region and, secondly, can Iraq manipulate this card anew with the incoming U.S. administration?

[Sabah] Yes, Iraq can manipulate it. Iraq is exaggerating the apprehensions about Iran to get the embargo against it lifted. There is no doubt that there is activity insofar as Iranian armament is concerned. But Iran is a big country and a neighbor. We must be careful in dealing with it so that no opportunity will be provided for any disagreement between the region's states and Iran.

There are, of course, some issues on which we disagree with Iran and that must be settled in one way or another. Despite the existing apprehensions, there is a great degree of certainty that the current Iranian regime is more reasonable and more understanding and that it does not wish to embark on a conflict with the Arab world because it is not in Iran's interest or in the region's interest and because any Iranian intervention of the sort will bring an even greater foreign presence to the region. This is why we say that if Iran wishes to go in this direction, then it will have to endure a concentrated foreign military presence in the region. This is something that must be taken into consideration, because the United States, or the other powers, will not stand idle in the face of any Iranian expansionist activity in the region.

The main, or even sole, danger from which we suffer is the continued presence of this regime in Iraq and this regime's military, propaganda, and other threats to the region.

While saying this, I must also emphasize that the presence of a void in Iraq could create other problems and could encourage Iran to embark on some adventures. But this is a matter that concerns Iraq and Iran directly. We hope that a rational Iraqi regime will come to power and will deal with other states on an equal footing and with a wise and moderate vision. Regrettably, the Iraqi media give the impression that they live as if nothing has happened. They are still vain and arrogant, and it is as if they won the war that they waged and that resulted in their causing tragedies to Iraq and to the region.

Anyway, they have learned their lessons, and we have learned our lessons from what has happened. They should take advantage of these lessons.

[Matar] Have the Iranians returned all of the aircraft that Iraq had smuggled to them for safe-keeping during the Gulf war, and do you still have problems with Iran as a result of Iraq's occupation of Kuwait?

[Sabah] Yes, they have returned all of the planes, and we have no immediate problems with them.

One Cannot Say: 'Let Bygones Be Bygones'

[Matar] Let us review your relations with some Arab countries. Can your relations with Jordan be reevaluated, for example?

[Sabah] I cannot imagine that there will be any movement in the near future to restore relations with Jordan and to bring things back to normal because of numerous reasons, primarily because Jordan's position on the invasion was disgraceful. The Kuwaiti people will not forget this position. As Kuwait's crown prince has said, "the wounds are deep, and we can in no way follow the policy of letting bygones be bygones."

Second, we find that during the occupation and the war and after liberation, Jordan has maintained an open border with Iraq and has continued to supply Iraq with all materials, including materials banned in accordance with Security Council resolutions. Thus, Jordan has become the only outlet for Iraq to violate the embargo. There are many people making big profits out of this.

Jordan has been supportive of the Iraqi regime, and it continues to support it so that it will survive.

Moreover, we are still a victim of the Jordanian media, which continue to criticize and revile us. Jordanians themselves have not realized to date the mistake they made by supporting Saddam Husayn and wagering on a losing horse. After all this, we are asked to take the initiative to restore normalcy! This is unlikely.

[Matar] Meaning that King Husayn has offered no initiative to improve relations?

[Sabah] King Husayn is fully involved with Saddam Husayn, and Saddam's continued presence in power does not permit King Husayn to change his position as a consequence of this involvement.

[Matar] What about the king's recent call for toppling Saddam?

[Sabah] It is just for local consumption because the king's position has weakened greatly and because the king, along with Saddam, live in isolation.

I get Jordanian and Iraqi newspapers constantly. With a careful followup, we have found that Jordanian newspapers attack us more severely than Iraqi newspapers, may God forgive them. I do not know what we have done to them in order that we may deserve this treatment. Normalcy will be restored when the conditions and circumstances change.

[Matar] And what about the Palestinians?

[Sabah] In this catastrophe, the Palestinians have been the victims of their leadership. The position taken by Yasir 'Arafat and his colleagues has victimized the Palestinians. We are aware that some of our Palestinian brothers who were in Kuwait stood side by side with the Iraqi occupation forces, whereas a large number of them supported the Kuwaiti resistance and participated in it. The main problem is the position of Yasir 'Arafat, who offended everybody. Consequently, every Palestinian who aided the resistance has also been accused because of this political position. Regrettably, this is what has happened, especially with the Palestinians who had lived with us in Kuwait and who have been victimized by their leadership.

Imagine, for example, what situation would have developed if Yasir 'Arafat had adopted a strong position as of the first day, if he had condemned the invasion and the occupation, and if he had supported Kuwait's people? 'Arafat could have come to live with us in the Kingdom [of Saudi Arabia] and to support us, both us and the kingdom. Had he done this, he would have gained the support of all the countries that fought on our side and the Palestinian citizen would be esteemed and honored in all of these countries.

The decision to invade Kuwait was not made in one or two days or one or two months. It was a studied and premeditated decision. Saddam bought whoever he could buy to support this decision. His hand reached even to the United States, where he engaged in numerous activities with Arab Americans and their associations. He had prepared the media and the political climate for what he did.

[Matar] And Yemen?

[Sabah] Yemeni President 'Ali 'Abdallah Salih had firm contacts with Saddam. I will tell you with utter frankness that there was a clear scheme as of the first day of the invasion. All of the aspects of the scheme—I call it the four-party scheme because Saddam Husayn, King Husayn, 'Ali 'Abdallah Salih, and Yasir 'Arafat were parties to it—have been exposed. Weren't 'Ali 'Abdallah Salih and Yasir 'Arafat aware of this scheme? They were all aware of it, and they were all in agreement on it.

Each of these leaders who supported Saddam Husayn had an evident interest in invading the helpless Kuwait, and each of them had a goal behind this invasion. God be thanked, all of these aspirations and schemes have failed.

Today, the situation in Yemen is one of internecine fighting and domestic problems. To us, it is not important whether Yemen supported or did not support Iraq. Our main concern was the major countries in the region, such as Egypt and Syria.

Sudan has supported this pro-Saddam group because it got part of the money offered. Saddam had worked on Mauritania for a long time, and Iraqis have been deployed there.

This is a strange world. We worked for our country's development and stability, and he schemed, watched, and plotted with others to invade and destroy us in the long run. These are the differences that existed.

Arab Harmony Now

[Matar] Phrases such as Arab unity, Arab solidarity, and so forth have become hateful expressions. Let us use the phrase Arab harmony, which is the least possible.

[Sabah] I do not understand any of these phrases. I understand none of them.

[Matar] Ultimately, we continue to be a group of Arab states amongst whom the major rift has been created by Iraq's invasion of Kuwait. Can this rift be transformed from a fatal rift to a temporary rift?

[Sabah] This play on words will lead to nothing. One thing that is obvious to all is that one cannot rely on the Arab world for one's security and stability. This is impossible. I say this with utter regret. The tragedy we have experienced has proven this theory. The Arab world split when this tragedy occurred.

Brother, I do not know why this split has developed. A small Arab country was invaded and occupied by a dictator who violated all international and Arab laws, regulations, and traditions. Some refused to condemn this invasion, thus losing simple values.

Do they remember what happened when the Black September massacres occurred in Jordan and when Crown Prince Shaykh Sa'd al-'Abdallah went to Yasir 'Arafat and gave him his tunic to wear it so he could depart Jordan [in disguise]? These are values and principles. Should we disregard to this degree all that happened to Kuwait and its people?

Have we forgotten what occurred at the Cairo conference when fires were burning while Husayn and 'Arafat talked about other issues? These leaders are still present, and our problem in the Arab world is that leaders direct peoples. In this country (the United States), for example, leaders test the ordinary citizen's pulse and explore the public opinion tendencies, and then the administration charts its policy on the basis of the majority's tendencies. In the Arab countries, dictatorial regimes impose these positions, and the ordinary citizen is required to follow their policy. This is our problem in the Arab world. The existing Arab regimes have been the offender, and they encouraged their people to demonstrate. Do you think that the Yemeni people were pleased with what happened in Kuwait? Even in Jordan, large segments were not pleased with what happened.

[Matar] But this does not negate the fact that at a certain phase we have to pause and say that on the basis of this bad experience that culminated with the Kuwait tragedy, we must, as a starting point, develop new methods to achieve harmony, whether through the Arab League or....

[Sabah] With the existing leaders, we will not attain this condition. If new leaders arise and if they tackle this issue honestly, and not with slogans, then this condition could be accomplished. But at this time, I do not think that what you are talking about can be accomplished.

Let us examine this issue together. What interest is there in it in order that you may talk to me about Arab harmony? What interest do I have in this? There are specific interests on which relations are built, such as security interests, economic interests, and social interests. At present, none of these interests, especially the security interest, exist. If I tell you, "Here, let the two of us be friends, band together," and so forth and then if I see you being beaten in the street and I look the other way, steer clear off you, and even help those who are beating you, then where is the fraternity in such conduct?

I lived in the United States for 10 years before the invasion, during which time I made numerous Arab and non-Arab friends. They visited me in my home, and I visited them in theirs. But when the catastrophe fell, they abandoned me. I wanted nothing more from them than a word saying, "We are with you," and so forth. But instead of this, they acted as of the first day of the invasion as if there was no such person named Sa'ud who had been their friend or colleague. Most of the people I am talking about are Arab Americans.

Parliamentary Life

[Matar] You have mentioned democracy in the United States. Kuwait is living the democratic experiment anew....

[Sabah] This is not an experiment. We tried democracy long ago.

[Matar] We say "experiment" because elections are held and then the parliament is abolished after a while.

[Sabah] We have tried. We have been experimenting since 1963. The parliament has been dissolved twice for reasons explained by the country's ruler at the time. I would not call what is happening now a democratic experiment, but rather a restoration of parliamentary life to Kuwait after a suspension. On the basis of our past experiences, we are optimistic that these problems will not reappear, God willing, and that we will learn from them to serve the country, the citizen, and the region generally. It can be said that the two countries in the region that have tried this political experiment most extensively are Kuwait and Lebanon. But democratic life and a constitution have been in existence since 1962. The first election was held, and then the first assembly was dissolved. Sometime later, another election was held, and the parliament was dissolved again. All of these were experiments to develop a formula compatible with one's regime, customs, and traditions. God willing, we hope that the restoration of parliamentary life will be the start of welfare and stability in the region.

[Matar] In your opinion, what could hamper this life?

[Sabah] I hope that nothing will hamper it. The presence of a spirit of cooperation between the legislative and executive authorities will prevent the presence of any obstacle. I can feel the spirit of cooperation between the legislative and executive parts. If this cooperation persists, there will be no obstruction, especially if each authority operates within the bounds of its jurisdiction. If neither authority oversteps its bounds, conditions will be normal, and the continuation of parliamentary life will be ensured. But if the authorities overlap, this could lead to problems.

[Matar] Is it an excess to have the government accountable to the parliament?

[Sabah] The government is accountable to the parliament. Constitutional articles make it clear that the parliament can bring the government to account.

Problem of the 'Stateless'

[Matar] The problem of the "stateless" [al-bidun] continues to be exaggerated from time to time. Iraq even accuses Kuwait of refusing to let some of them return. What is the real situation at present?

[Sabah] There is no such a thing as a "stateless" person. Every person has origins, and nobody has materialized from a void. Everybody has a father, a grandfather, and a family that has its lineage. Nobody is "stateless." This is a phenomenon that materialized in Kuwait some years ago. Some people sneaked into the country across the borders and then dumped whatever documents, passports, and citizenship papers they had. They resided in Kuwait, saying that they had no citizenship, and so they became "stateless."

Well, where do you come from? Where is your father from? You must be Iraqi, Syrian, Saudi, Lebanese, or something else. You have not come out of the blue. What is your parents' citizenship? You follow your parents.

For humanitarian reasons, we allowed those people to live, reside, and study in Kuwait because most of them had fled from other countries. Most of them were from Iraq and Syria. In the 1980's, the Kuwaiti Government decided to issue a civilian identity card, saying that nobody would be allowed to enroll in a school or enter a hospital for treatment unless he had a civilian card. To get a card, one had to show his identity or passport. Most of those who had claimed to be "stateless" were compelled to produce their original passports because they could no longer work or do anything in Kuwait. All that had been concealed was revealed in order to get the civilian identity card. So we discovered that more than 70 percent of those who claimed to be "stateless" had passports from certain other countries.

Why do these people claim that they are "stateless?" I answer that it is because of their wish to acquire the Kuwaiti citizenship, especially because it offers numerous benefits and entails no losses or obligations. With this citizenship, they gain distinction. A Kuwaiti

citizen gets a residence and all the other privileges enjoyed by Kuwaitis. This is the wish of those who claim to be "stateless."

There remains a group that we can truly call "stateless," and it is a consequence of poor application of the citizenship law. In numerous cases, you find that one of two brothers has Kuwaiti citizenship while the other does not. When one inquires about the matter, one finds that when in the process of the naturalization of two brothers, let us call them Sa'ud and Khalil, Sa'ud was told that he deserved to become a naturalized, not native, citizen. Sa'ud accepted this citizenship, whereas Khalil refused, saying that he wanted a native citizenship and that he rejected naturalization. To this, the authorities responded: "You reject it. It is up to you." Thus, Khalil remained as he had been. Now, Khalil is considered "stateless" because he insisted on native citizenship and rejected citizenship by naturalization because he considered it to be tantamount to undermining his right.

There are other cases in which the father had come to Kuwait, lived there, fathered his children there, and then died without acquiring Kuwaiti citizenship. The children did not know where the identity cards, passports, or other documents were, and so they continued to live in Kuwait without knowing their origins or citizenship. These groups are a minority, amounting to no more than 20 percent of the figures that have been mentioned.

Now, an approach must be developed to deal with the issue fundamentally. The government must be strict. But what offense did those who were born in Kuwait and failed by their families commit?

[Matar] And what are you going to do about these people?

[Sabah] These people are the problem. They were born in Kuwait, lived, studied, and grew up there. When one asks them for any proof, they cannot produce it.

[Matar] Is there a solution?

[Sabah] We have exerted efforts with the Arab embassies we have in our country to look for their identity cards. But this is difficult. These people do truly constitute a problem in Kuwait.

It is my opinion that a decision must be made on this issue, which must be solved as soon as possible.

[Matar] Are some of these people in Iraq, and do you refuse to let them return?

[Sabah] We do not accept them because they fled from Kuwait to Iraq during the invasion. The Iraqis are asking us to let them return. How can we let them return when they are not Kuwaitis and when they have no identity cards and no proof?

Plotters Are Tried

[Matar] What has happened to the groups, including Palestinians and others, who were arrested after liberation and charged with plotting with the Iraqis?

[Sabah] They are facing ongoing court trials.

[Matar] Meaning that you will keep them in Kuwaiti jails?

[Sabah] Yes, in accordance with the law. They all enjoy the protection of legal regulations, such as attorneys and so forth. Some of them have been acquitted by the courts and some were sentenced to death, but their sentences have been commuted to life terms, and so forth. They have all received their legal right in accordance with the law.

[Matar] Will they be deported?

[Sabah] Yes, after they serve their sentences.

Groups That Will Not Return

[Matar] What about the vast numbers of people who had lived in Kuwait but left during the occupation or after liberation? Is there a possibility they will be allowed to return?

[Sabah] Who do you mean specifically?

[Matar] Groups such as the Palestinians, the Jordanians, and others.

[Sabah] There are certain groups that will not return. There is no controversy on this issue. You know that Palestinians constituted the biggest group in the country, considering that there were nearly 450,000 of them in Kuwait. Those people left during the occupation, going back to Jordan and elsewhere. Some Palestinians with Egyptian travel documents, such as Palestinians from Gaza and others, stayed, and they continue to live here. Others who bear Jordanian passports or documents, who are irreproachable, and who have guaranteed jobs in Kuwait have also stayed, and nobody has harassed them.

Washington Experience

[Matar] How would you evaluate 12 years you spent as Kuwait's ambassador to the United States?

[Sabah] It is a life experience in Washington. I came to Washington in 1981, after the Iraq-Iran war had started. I experienced its problems and the fears that it would expand to encompass Kuwait. That was a critical and hard time. I also experienced the phase of Iran's harassment of Gulf shipping. We managed to get Kuwaiti vessels sailing again under U.S., British, and other flags.

Those problems were crowned with Iraq's invasion of Kuwait in 1990. This made the period between my arrival in Washington and the invasion seem as if it were

a honeymoon because I had never experienced the same degree of concern and exhaustion as I felt after the invasion.

At times, when I sit by myself and think of things, I can no longer recall what had happened before the invasion. The invasion period has erased a lot from my memory, including nine years in Washington. I only recall what happened on 2 August 1990. It is a day I remember well. What preceded that day was anticipation and observation. But the real ordeal came after the invasion. My experience was so difficult that I do not wish it upon anybody else. God be thanked, I learned a lot and gained numerous friends and many supporters. The experience I accumulated during the seven months of occupation is 100 times the experience I had accumulated in the preceding nine years. This is one of the things of which I am proud. God be thanked that this situation has passed.

GCC Official on Future Cooperation

93AE0257A London AL-HAYAH in Arabic 3 Jan 93 p 8

[Article by Sayf Bin-Hashil al-Maskari, GCC assistant secretary general for political affairs: "Course of Joint Gulf Action: Its Current Reality and Future Horizons"]

[Text] Joint action has its own character, and those who deal with it or observe it must understand this character. If they do not, then the results will be unclear and will open the door for labeling people, calling them things such as optimistic and pessimistic. We do not view the issue within this context, but rather we say that joint action, like any other action, is faced with impediments.

Impediments are not so much a symptom of malady as they are a natural manifestation that must be tackled. On the basis of this understanding, we in the general secretariat do not seek to, and cannot, abolish the special character of joint action. But we do constantly seek new methods to deal with this character as much as possible and to overcome the impediments.

The GCC [Gulf Cooperation Council] is not an organization above the states. Rather, it is an organization that combines a number of states that have agreed to cooperate and that have their own institutions, sovereignty, programs, and priorities. Cooperation requires seeking the best possible outcome for all. To do the best possible thing for everyone, large and intricate institutions are required.

This is why it is necessary to be deliberate, to move gradually, and to take the special character of each state into account in order to absorb and incorporate things, and this is why impediments have become facts that we understand and take into our account.

Within this context, we have made an accomplishment that we consider satisfactory and that we will try to develop and enhance.

I believe that it is important not to dwell on the impediments, because we realize that the citizen of the GCC member states understands them. Coordination is not such a simple thing, and the GCC coordinates among six states in various fields, involving all the institutions, domestic laws, interests, ideas, and aspirations of these states.

It is my belief that one of the most significant priorities on which we must focus in the GCC is the issue of security and stability. This issue is important to any country, but it is more important to us in the GCC states for several reasons, which are embodied in our location, our limited human and technological resources within the framework of our region, and the world's interest in us.

Parallel to this issue is development, which is important at the humanitarian level and which is tied fundamentally to security and stability.

Consultation and participation are issues that are raised frequently and discussed as part of the council's priorities, whereas they are, in fact, issues that fall outside this framework. We in the GCC are not a state above the member states, as I have already said. Consultation and participation are issues that concern the [individual] states. I know, as you do, that in this regard each GCC member state has established the framework it deems appropriate to its situation and its circumstances.

The GCC's joint action is based on the mechanism of coordination, and we in the GCC strive hard to achieve greater coordination. What is happening is normal within the context of the concept of joint action.

The experiment is still in its early stages, even though a decade has passed. I am talking here of a major experiment involving the momentum of an indefinite number of factors and given facts. People's experiments are not measured so much by duration as by what they accomplish for the people's interests.

This does not mean that we in the general secretariat are satisfied with what has been accomplished or with the mechanism that governs the effort. We believe that to achieve the desired objective, a reform or, at least, a reformulation process is required. This is a personal opinion. First, there must be some sort of concessions and compromise in favor of the general interest as far as the interests of the individual states are concerned. This should be done within a clear framework in order to produce resolutions that achieve the desired balance so as to accomplish the collective interest with a collective spirit and trust and far from the issue of sovereignty and its consequences.

Second, the general secretariat and its structures must be reformed. The secretariat's current structure has not, since the secretariat was established, been able to deal with the concept of balanced resolutions. For example, the secretariat leadership positions should be divided in a fair and balanced manner, and controls must be

established for the higher leadership positions to ensure the presence of all the states in these positions, because such a presence is more likely to sense the immediate interests of the member states and, subsequently, to explore the way and seek appropriate formulae to accomplish the collective interest.

The basic constitution and the internal bylaws must be reexamined, and the open exceptions, which have become the rule for the procession, must be avoided. We must establish clear and detailed regulations, taking advantage of the past experience and of the developments the GCC has encountered. There is no doubt that these experiences will necessarily strengthen our understanding of our reality and of the importance of our group. We have had experience with the possible as a tangible reality. This experience has undoubtedly added great depth to the issue and has led to discussing the details. It has also added greater legitimacy to the concept of interests and has underlined the need to explore the future.

This does not mean that the current GCC regulations are not fit. They have governed the work in the past period, and they have numerous positives. But in our effort to develop, we seek the best.

Some methods have succeeded in certain areas. These methods, but not necessarily in the same style, can be adopted in other spheres, and there are numerous spheres that cover all aspects of life, as already stated. Moreover, even though certain issues, such as unanimity, for example, seem to be a hindrance, embracing unanimity rather than majority is based on the principle that we want to march together and we do not want anybody to lag behind. We also understand the meaning of the principle of majority and realize that it can help us surmount the coordination impediments. But this principle has its negatives, and its adoption will give rise to numerous opinions.

As for the specialized Gulf organizations and councils, I have my opinion on them. These organizations have had an important role since they were created. Their work is simple, and it focuses on the technical areas with which they are concerned, with freedom from bureaucracy. Therefore, the mistake is embodied from the start in the attempt to weaken these organizations by linking them to the general secretariat, which would make the bureaucracy even more complex and would certainly cause these organizations to enter the bureaucratic maelstrom from which the secretariat suffers.

If these organizations performed a vital task which was embodied in giving Iraq a certain regional role before the Kuwait crisis without including it as a GCC member, then this task has ended since Iraq was ousted from these organizations. If this task was not the main objective behind creating these organizations, then I believe that they should remain independent, and we should be

content with subjugating them to the GCC by having them work in accordance with the GCC goals and policies.

As long as the talk is about reform and wishes, I wish the media would help us clarify the picture and present it to the Gulf citizens in a balanced manner. But the media have exaggerated the accomplishments greatly. In my opinion, this is due to several factors, most significantly:

- The media are in a hurry, and so they present preliminary images of the joint action. They report on meetings and publish their resolutions because the media are present at meeting halls only.
- The media's failure to realize the difference between decision-making and implementation. A number of phases, coordination efforts, and efforts to eliminate obstacles are needed to implement a decision, as already noted. There is a bureaucratic course for the decision to follow, and the media do not keep up with these phases.
- Because of the journalistic scoop and of the reporters' and journalists' eagerness, the media present the introductions and pay no attention to the results. To be fair, the media cannot follow up on all phases of the development of a decision. All the media can do is to familiarize their public with this idea and to train them to understand the decision-making concept.

Numerous interconnected issues are raised in the GCC, such as workforce, food security, oil, and our relations with others.

Within the context of the current development programs, foreign labor is a must because of the immense development work, the small population, and the availability of large financial resources. Even though these resources differ from state to state, these differences have not, regrettably, affected the condition of abundant foreign labor in this or that state.

Therefore, we either work with the local resources, and this means delayed implementation of the development programs, or we accept [foreign] labor, which is what has happened.

As for the negatives [of foreign labor], they are numerous, and many of them have been raised repeatedly in numerous Gulf meetings and others. In my opinion, what is more important is the condition of idleness, laziness, and dependence that has developed among citizens as a consequence.

Financial opulence and cheap labor have made us abandon most of our responsibilities to foreign labor. We have become a training center for Southeast Asia and other parts of the world while our citizen has become somewhat ignorant of how to deal with the simplest given facts of the age.

I believe that the most important problems that must be given priority include:

- Efforts to rescue the citizen from dependence and cultural stultification as a result of his reliance on financial opulence and of his pursuit of rest and relaxation, thus becoming a mere consuming element.

- This attitude results in the poor upbringing of the new generation that will follow in the footsteps of their parents, becoming a disabled consumer who depends on the state.
- The tragic nature of this problem will surface only if the state is unable to support the citizen as it is supporting him now. Such a day is inevitably coming.
- Our relative wealth and our opening up to the outside world is, to us, like escaping a genie's bottle. Our experience in dealing with other modes of behavior is limited. We were conservative societies and then suddenly, we found ourselves in the midst of the crush. The catastrophe is that we can pay without considering what condition will develop in the future. The citizen in our region has reached the point where he does not think about how his son will live and what situation he will face. What is important to him is to live his day, and what develops tomorrow is unimportant. This mentality, which has begun to take root among the citizens, is the true threat that will face our region because with this mentality, we will become aliens in our own homeland. Such alienation will have uncertain consequences in light of the international developments, which we have not, regrettably, considered how to confront. So what is important now is to tackle the obvious and well-known negative manifestations that have emanated from this attitude by focusing on the educational programs, curtailing [foreign] labor, and pushing the citizen to the work battle.
- With or without oil, our food security and our future are two issues that are strongly connected with the issue of labor and education.

Food security is an urgent and fundamental demand, and it is a humanitarian demand before being a national responsibility. The GCC states are doing their utmost in this regard, setting their sight on self-sufficiency as their objective while realizing the obstacles that stand in the path, such as the problem of water, human resources, and environmental conditions. Within this context, the theory of the relative benefits of agricultural and other investment has surfaced, crossing paths with the issue of the future horizons of state sovereignty and of expansion of the consumption base horizontally as a result of financial opulence.

In this context, there is no doubt that we need to achieve integration among the GCC states and to seek another party to reinforce this integration and to ensure continued food diversity. I do not imagine that it is in our interest to travel too far. The Arab domain, with its varied climate and capabilities, is the vital domain on which we can rely in the future, not only on a pan-Arab basis but also by virtue of the relative advantages available in this domain.

We must not disregard the link between this issue and the labor issue to which I have already referred. By using Arab labor, we will not only reduce the danger but will have no social damage either. Economically, we will create a strategic depth which will be tantamount to economic support for the Arab countries and which will

alleviate the burdens of the direct support our states give these countries. Also, we must not disregard another element, namely that Arab labor generally is characterized by the fact that it loves to spend and consume. This spending boosts domestic markets and, consequently, production. We must pay attention to our future without oil, not only because oil is a depletable resource, but also because science is making constant advances, and this could eliminate or at least reduce the current financial value of oil. To link our income to oil on this basis will expose our spending to recurrent or permanent crises.

I do not believe that there is a single official of the GCC states who does not think of the post-oil era, regardless of how long or how short it will be. We all notice that the GCC states, none excepted, seek to establish a firm infrastructure and to promote the industry and agriculture sector.

It is my belief that the knotted problem is in the practical and objective evaluation of what has been accomplished and what is in the process of being accomplished. To return to the issue of material wealth and labor, I believe that we need to study this issue at greater depth and impartiality. We must steer clear off buying the citizen's support by spending oil savings on him without linking such expenditure to features of the local production. In this regard, we are supposed to focus primarily on training the citizen in the area of industry and agriculture. But if the current condition—which, I hope, is no more than just the initial step—persists, then I see no meaning to industry and agriculture because they are both in foreign hands, performed with foreign machines, using foreign raw materials to a large degree, and based primarily on state spending and subsidy. I do not see what their economic benefit is and what their social and strategic value is.

This is an important issue, and I urge that it be studied carefully and that appropriate policies be drafted to seek to achieve real self-sufficiency, with all that this concept symbolizes and means.

As for our foreign relations, which are governed by a clear and declared policy, they are summed up in the following:

Regionally, respecting the good-neighbor principle and the principle of non-intervention in the domestic affairs of others and viewing sovereignty as something sacred. Through these principles, cooperation should be within the context of common interests and of preserving stability and security in the region as part of security and stability at the more comprehensive level.

At the Arab level, we are, like it or not, a part of the Arab nation, and I do not think anybody can deny this. Our regional security is closely or remotely tied to our Arab security. The GCC member states have not departed from this concept, and they continue to be Arab League members. Moreover, if any tremor occurs in the region, we turn to the Arab countries to request aid, as happened in the case of the first and second Gulf crises.

I believe that our affiliation is expressed, if it needs to be expressed, especially since we are addressing Arabs, in strengthening the Arab League and its institutions.

The world consists of states, and this condition can withstand no ideal concepts. It is a world of conflicting interests, and conflict will continue over these interests, subsiding or intensifying according to circumstances and phases, and also according to other more important or higher interests.

The GCC states contribute to the international system by working through international organizations, utilizing their foreign relations, participating in international development programs, and strengthening the United Nations to bolster world security and peace.

Within the context of common understanding and comprehension of our interests vis-a-vis the interests of others and of our values, reality, and policies, we deal with the real, the beneficial, and the possible and seek to accomplish our development, security, and stability.

Turkish Designs Over Water Issue Lamented

93AE0256A London AL-HAYAH in Arabic 3 Jan 93 p 8

[Article by 'Abdallah al-Dardari: "Arab Role in Euphrates and Tigris Water Issue; Syrian-Iraqi Apprehensions Over Turkish Plans for Coming Phase"]

[Text] Damascus—Even though the Euphrates and Tigris water issue concerns Syria and Iraq directly, it also concerns, or should concern, all of the Arab countries by virtue of the impact that economic and social stability in these two countries has on pan-Arab security in its entirety. It is impossible for a major shortage of irrigation and drinking water and of electric power in Syria and Iraq and of political, social, and economic stability in the rest of the Arab homeland that has broad relations with Turkey, which controls the sources of the Tigris and Euphrates rivers, to persist.

It must be emphasized that Syria and Iraq are incapable of tackling this issue on their own, without broad Arab intervention to support their position with Ankara, which believes that its Middle East interests have priority, especially since the European Economic Community rejected its application to join Europe economically and culturally.

Whatever the Arab countries' relations with each of Syria and Iraq, the Arab countries have a direct interest in preventing deterioration of these two countries' water and food security because such deterioration will have an impact on pan-Arab security in its entirety and on other Arab resources. Regardless of how bad the relations between any Arab country and Syria and Iraq, these relations could not be worse than the relations between Iraq and Syria. Yet, Damascus and Baghdad have been able to surpass their deep and bitter political

feuds to chart a unified position in face of the expansionist Turkish water policy which receives western, and Arab, political and financial support.

The role that the Arab countries can play in this phase is to develop a final tripartite water-sharing agreement between Syria, Iraq, and Turkey. Ankara insists on carrying on with the 1987 bilateral Syrian-Turkish protocol, which stipulates that Turkey allow the flow of 500 cubic meters [per second] of water from the Tigris River to be shared by Syria and Iraq. What this means is that Turkey gets in accordance with this protocol one-half the water from the Euphrates River, which flows at a rate of 1,000 cubic meters per second, or 31.4 billion cubic meters annually, while leaving the other half for Syria and Iraq, keeping in mind that the population of Syria and Iraq (nearly 30 million) is more than half of Turkey's population (55 million). Moreover, the acreage planned to be irrigated with Euphrates water in Syria and Iraq (206 million hectares) exceeds the acreage planned to be irrigated with water from the Euphrates River in Turkey, amounting to 144.6 million hectares.

Without water from the Euphrates and the Tigris, Turkey has, moreover, accomplished water and food self-sufficiency from the surface and underground water available to it, whereas Syria and Iraq have no alternative sources capable of ensuring their water and food security.

These given facts—facts that determine the bases for the distribution of shared water in accordance with the draft law on the nonnavigational uses of shared international water courses, which has been submitted by the UN International Law Commission—entitle Syria to more than half of the water from the Euphrates River. Despite this, Syria agreed to this share as a "gesture of goodwill, emphasizing neighborly relations and friendship until the Ataturk Dam is filled and until a final tripartite agreement is reached on sharing water from the Euphrates River," according to the 1987 protocol. But Syria also stressed clearly that this share is not final and that it would demand that it be increased as soon as the Ataturk Dam is filled. This dam has a capacity of 51 billion cubic meters, of which it already has 20 billion. The dam will be filled in two more years. This is why Syria and Iraq are demanding that a tripartite agreement be concluded or, at least, that preparations be made so such an agreement will go into force as soon as the Ataturk Dam is filled. But Turkey is rejecting the demand resolutely, and this is what is evoking Syrian-Iraqi fears of Turkish plans for the coming phase. Turkey could cling to the verbatim text of the 1987 protocol, i.e., "continuation of the agreed share (500 cubic meters per second for Syria and Iraq) until the Ataturk Dam is filled." Turkey could exploit its technical capability to delay filling the dam as long as possible, keeping in mind that the two other Turkish dams on the Euphrates, namely Karakaya and Keban, are still capable of absorbing 30 billion cubic meters of water. Filling the Ataturk Dam can thus be

delayed for two years, during which time land reclamation projects will be completed and dam water will be supplied to these projects in a manner that obstructs filling the dam indefinitely.

A sensitive Arab role in persuading Turkey to stop procrastinating and to give Syria and Iraq their legitimate share of the Euphrates and Tigris waters—a share that certainly exceeds the current 500 cubic meters per second—emerges at this juncture. The Arab countries need not threaten Turkey or take positions that create in the Arab-Turkish relations a tension that could reflect negatively on Syria's and Iraq's water interests. What is required is a composed position that assures Ankara of Arab eagerness for its interests and for bilateral relations and that ensures Damascus' and Baghdad's historical and legal right.

It is normal for the Arab countries to wish to reinforce trade relations with Turkey, especially in the area of agriculture and investments. But it is also normal that this should not come at the expense of pan-Arab interests and of the vital interests of two Arab peoples. Broad trade relations between some Arab countries and Turkey could be a source of strength serving the Syrian-Iraqi demands.

It must be noted here that Syria has absolutely no objection to Turkey's right to water from the Euphrates and Tigris Rivers. But if we consider the projects that each country is trying to build on the Euphrates and the river's ability to meet all demands, we will find that it is impossible to implement all the planned projects because they demand a water volume that exceeds the Euphrates's capacity. The total acreage planned to be irrigated in Syria, Iraq, and Turkey amounts to 4.5 million hectares, whereas the Euphrates can irrigate only 2.5 million hectares.

In international law, this condition is called a "conflict of interest," which requires that the three parties cede a significant part of their projects in return for reaching an acceptable tripartite agreement. Turkey cannot apply the principle of the right of the source country at the upper river course to absolute sovereignty over the river and to full utilization of its water, allowing only the part that exceeds it needs to flow to the countries at the lower river course. This is the so-called Harmon principle, which was applied to the United States and Mexico in 1906. International law has abandoned this principle, which was also abandoned by Harmon, its author, because it leads to chaos in international relations.

It must be noted that Syria has actually been harmed by the current share it gets and that power production at the Euphrates Dam hydroelectric station, which used to produce 900 megawatts, has stopped, thus leading to a major electric power crisis in Syria. Syria is even trying to implement the project for electrical linkage with Turkey so it can get nearly 250 megawatts at times of surplus production in Turkey in return for water. This

means that Syria will purchase electric power produced by Turkey with water to which it is entitled by international law.

One point that should arouse Arab interest in the need to support the Syrian-Iraqi position is the Turkish-Israeli coordination in the area of water. This coordination seeks to pressure the Syrian position on the Golan waters by linking this issue with the Euphrates and Tigris water issue. Any laxity with Turkey will signal to Israel that the Arab position is weak on the Arab rights to water disputed with Israel. Here, the ideal Arab position would be to cling to applying international law on all fronts, meaning that what applies to the Euphrates and Tigris should apply to the Jordan River network because what the Arabs could get through the application of this law to the Tigris and the Euphrates amounts to nearly 50 times what they can offer through the Jordan River network. One should keep in mind that Israel has been stealing from the Arab waters in the Jordan River network a volume that greatly exceeds "its share" as determined by international law.

The Tigris and Euphrates water issue is the best example of the meshed pan-Arab security and of the Arabs' possession of strong cards that can serve to preserve their interests without posing a threat to their relations with their neighbors.

PALESTINIAN AFFAIRS

Additional Details on Hamas 'American Connection'

TA0102151393 Tel Aviv HA'ARETZ in Hebrew
1 Feb 93 p 1

[Article by Ze'ev Schiff, HA'ARETZ defense correspondent]

[Text] Many additional details on the Hamas "American connection" have been disclosed recently following the arrest of two Americans who relayed about \$500,000 to the territories to bolster the movement's activities. The source of the funds is Britain, Iran, and the United States and legal and security elements say that Israel has sufficient evidence to put the two Americans on trial for very serious offenses.

The American connection is even more complicated than would appear from the interrogation of the two men from Chicago. There are indications that American aid to the territories—intended for various economic activities—has fallen into Hamas hands. This is a matter which will certainly be raised in talks between the two governments.

The arrest of the two emissaries, who have visited Israel and the territories in the past, reveals the sophisticated international network that Hamas has deployed in recent years. The network is deployed in a number of countries outside the Middle East, with the United States and

Britain topping the list. On the surface, Hamas activists are involved there in the recruitment of funds and in informational material, but, in reality, they are also linked with military activity and acts of terrorism in the territories. Aside from the fact that funds from there are used to purchase arms, the leaders in the United States and Britain receive reports on military actions.

Found among the effects of the two Palestinian-Americans was a report on Hamas military activity in the Gaza Strip—and one of them confessed that he participated in a discussion on military activity in the territories. Among other issues brought to him was the possibility of utilizing suicide attackers from among the ranks of Hamas members, just as Hizballah members in Lebanon do—in order to increase the number of Israeli casualties.

The activity of foreign Hamas branches in the territories has increased in recent months, even prior to the expulsion to Lebanon of 415 of its activists. Signs of this were recorded last October after a wave of arrests from among Hamas activists in the territories. Now, it appears that the mass expulsion is arousing concern among activists abroad and, therefore, they hastened to relay large sums of money to the field. From fear that the place of the expelled imams will be seized by other people (who are not to the liking of the foreign leaders), the two Americans were also given specific names of who the new imams will be.

A fact that should concern the authorities is the connection that the Hamas organization holds abroad with the Islamic movement, which also operates within Israeli territory. Still, it has been known for some time that one of the channels for the transfer of funds to Hamas in the territories has been via this movement.

Commentator on Hamas Policy, Armed Struggle

*93AE0239B London AL-SHARQ AL-AWSAT in Arabic
5 Jan 93 p 5*

[Article by Ghassan al-Imam: "Religious Side of Arab-Israeli Conflict: Hamas Between 'Arafat's Tepidity and Rabin's Obstacity"]

[Excerpts] Politics is the practice of contradictions. Rabin, whose government is flirting today with 'Arafat and the PLO, is the same Rabin who headed the Israeli Government (1973-77) that followed the policy of turning a blind eye to the activities of the religious groups in the hope that they would dissuade the Palestinian setback generation from joining Fatah and the leftist organizations in the occupied territories.

Emotionally, the Palestinian religious groups have been tied to the Muslim Brotherhood and have been an extension of Egypt's Muslim Brotherhood from the time when members of this brotherhood preceded the Egyptian forces to Palestine in 1948. Perhaps Major Ahmad 'Abd-al-'Aziz, the commander of those forces, who has been portrayed by journalist Haykal as an epic hero, was

the candidate at the time to lead the Egyptian revolution, rather than Jamal 'Abd-al-Nasir, if it had not been for his mysterious death south of Jerusalem. [passage omitted]

To maintain the popularity of the Israeli and Palestinian religious tendencies, religious sentiments have to be inflamed through extremely heinous individual acts, which in turn are likely to transform the struggle from a struggle to end occupation to a sectarian confrontation between two peoples—a confrontation characterized, as in Bosnia-Hercegovina, by group massacres against Muslims and governed by the instincts of malice, hatred, and revenge. [passage omitted]

Until recently, Hamas supported continuing the intifadah as a popular resistance movement, not as an armed resistance. The popular resistance approach has denied the Israelis the opportunity to shift from oppressive police measures to collective military measures. Hamas or Jihad could murder a member of the Border Guard (one of the Israeli Army's most barbaric organizations) in an ordinary operation. But it is evident that there is a specific political objective behind transforming the murder into a melodramatic act that manipulates and stirs the Israelis' instincts.

If, as 'Arafat says, Iran is in fact behind this escalation, then the Iranian leadership will deprive the intifadah of international sympathy, will strip away the humanitarian dimension of the Palestinian hardship, and will intensify the Palestinian pain by exposing Palestinians to acts of collective retaliation.

Iran lost a great deal of international and Islamic sympathy by taking hostages and by killing hostages in captivity. Arab-Islamic appreciation of any resistance movement is based on the noble character of a national struggle and on adherence by this struggle to the shari'ah dictates in dealing with an enemy.

These words may sound theoretical and idealistic in an age of religious and ethnic massacres and they could be totally nullified by the emotion of the political moment and by the sight of human suffering in Marj al-Zuhur. But a journalist's responsibility dictates that one be frank in such circumstances. The political objective of any activity must be measured and weighed in advance against its costs and consequences before the activity is carried out. Iran has succeeded in obstructing the negotiations and in taking the political initiative away from the moderate Palestinian wing at home, but the political objective does not merit all these human sacrifices. With his instinctive intelligence, 'Arafat easily made a distinction between peace and talks easily. He has been telling the Iranians, Hamas, and Jihad that the Palestinians will not withdraw from the peace process, but that they will not go to the negotiating table until a solution is found for the deportees' hardship.

This is why Hamas and Jihad seem to have been unable to abolish the peace process and the talks. Arab foreign ministers say what 'Arafat has been saying. Perhaps Iran is aware that open and confidential contacts have not

seized. In the Palestinian issue, Iran cannot impose its political interests above the interests of its friends and adversaries in the Arab world.

The pan-Arab movement realized belatedly that struggle is politics and diplomacy, not just constant and absolute rejection. For a time now, 'Arafat has added these two weapons to the resistance quiver. It seems that the Islamic political movements have to make a long trip to learn what the nationalist and leftist movements have learned and to realize that compromise is the preferred means in politics. If Hamas and Jihad read modern political and diplomatic history, they would find that every international conflict has ended with a political settlement that is usually developed by moderate wings on both sides. Struggle or strife is not so much an end as it is a means. Absolute rejection puts both Hamas and Jihad in the column of rejectionist fronts. But absolute rejectionism has offered no alternative and no practical solution.

What is said to Jihad and Hamas about political settlement must be said to Rabin, as well. The mass deportation operation has proven that the man is obstinate and does not possess the fertile political imagination of Peres, his rival. Arabs and Israelis who have known Rabin say that behind his artificial composure, there is an arrogance and dullness that reach the point of vanity, that he even lacks Begin's warmth in dealing with his adversaries and his friends, and that he is an almost polished copy of Shamir's vanity and obstinacy.

A government that enters into negotiations that it is eager to see succeed does not commit an act during the negotiating process that harms the other party to the negotiations. Rabin has acted as if he does not wish to see the negotiations accomplish their objective. He has relied on his intelligence agencies and not on his political sense in assessing consequences of the deportation. Rabin has not acted like a politician or a statesman. He has run along with the instincts of the ordinary Israeli citizen at a moment when feelings of anger, malice, and hatred exploded. He has been caught by the trap of the religious radicalism, which he characterized as the "true threat" to Israel and the region when he assumed power. He imagines that he has found a security solution to his problem by throwing an explosive security grenade at his neighbors' camp. Thus, he has allowed himself and others to be caught in an embarrassing situation that is difficult to overcome.

The crisis will not end with repatriation of the deportees. Alternatives must be developed to the plans submitted to date for the Palestinian territories. Perhaps these alternatives are found in making Rabin abandon delay and procrastination, in reducing the self-rule period, in politicizing the provisional Palestinian administration, and in defining the general lines of a Palestinian settlement now and before the provisional phase begins.

The U.S. administration can offer these alternatives to bring the peace process out of its swoon. With such a

step, the Clinton administration can correct two historical mistakes made by its democratic equal, the Carter administration: the mistake of embracing a separate peace treaty that has not achieved peace and the mistake of sponsoring politicization of the Khomeyni organization.

Clinton is fortunate because he has enlisted the help of Carter's working team, excluding Zbigniew Brzezinski, Carter's national security adviser. This Polish intellectual immigrant is the author of the idea of bringing a Polish pope to the Vatican in 1979 to infiltrate communist Europe by reviving its religious memory. He also thought that what was useful in East Europe would be useful in Central Asia and the Middle East. Carter, Brzezinski's master, and al-Sadat were the first two victims of the politicization of religious movements in the two inflamed regions.

Negotiations' Future, Deportee Case Analyzed

93AE0292A London AL-SHARQ AL-AWSAT in Arabic
15 Jan 93 p 14

[Analysis by 'Abd-al-Jabbar 'Adwan: "Palestinian Commitment To Boycott Talks Pending Solution to Deportee Issue; Clouds Gather Over Unified Palestinian Arab Stand"]

[Excerpt] [passage omitted]

The clash will come soon, on the day the ninth round of bilateral negotiations resumes, or the date of the multilateral negotiations, mostly occurring next month. It is expected that Israel will not agree to the return of the deportees before the dates set for the negotiations. The only way out is a binding Security Council resolution, this time mandating the return of the deportees. The implementation of this resolution could be bogged down at a time when it would be easy for all of the Arabs to pursue the negotiations. Without this Security Council resolution, however, the Arab delegations will attend the talks alone, without the present Palestinian delegation. Here the first Palestinian-Arab break in the peace process since the Madrid conference would occur, and every new round of the negotiations will be harder for the Arabs than the one before, unless Damascus and Tel Aviv reach a speedy agreement to end Israeli occupation of the whole Golan. That is unlikely, and it is not part of Rabin's plan to withdraw completely from the Golan in exchange for a comprehensive peace with Syria, according to Damascus's public position.

Before persisting in the Arab-Israeli negotiating scenario without the Palestinian side, it is normal and important to anticipate a Palestinian scenario of participation in the talks and no boycott. The Palestinians with this view might say that the Arabs have decided to go and that we cannot isolate ourselves, or that international and domestic pressure on Rabin on the deportation issue will force the Israeli delegation to be flexible and to respond to Palestinian demands. The suffering of the deportees may serve the Palestinian position, "and this is an

opportunity that must be seized, with the continued demand for the return of the deportees." There are hints from some Palestinians that Washington has promised to solve the deportee issue without a new, binding Security Council resolution and with everyone being committed to the negotiations. It is said that this American stand was known to the Arab countries before the meeting of their foreign ministers.

Generally speaking, if Palestinian supporters of this view succeed in pushing the PLO to take part in the talks before the return of the deportees, the results will be:

- A split between the PLO and the average Palestinian, both domestically and abroad;
- Growing alienation among the organizations making up the PLO;
- Conflicts within Fatah, between supporters and opponents of this step;
- Disarray in the Palestinian delegation, with the need to form a new delegation, which Israel will not consent to including PLO members or residents of Jerusalem;
- Perpetuating conflicts and possibly battles between Fatah and Hamas domestically, with the likelihood of resorting to armed purges.

This outcome will not happen if the Palestinian position remains united on not returning to the talks before the return of the deportees. In order for this position to stand, the Hamas movement will have to stop the concealed threats its officials have been making recently, because the fact of the matter is that the Palestinian position is not the Hamas position. The PLO adopted its policy on the basis of a popular stand, and if Hamas tries to turn this to its favor and resorts to threatening those who stray from this position, then the whole thing will collapse. It would be better to await events and the date for the talks. Thus far the PLO has been totally committed to the popular position and to boycotting the bilateral and multilateral negotiations. The PLO has ended all of the many unofficial debates in which Palestinians took part with Israelis in foreign capitals. The misfortune of the Palestinian position is that it asks everyone to deal in such a way as to impose good intentions on the other sides, await bad conduct, claim not to know the future, and make concealed threats.

The deportation process, the subsequent hardening of Hamas's intentions in the occupied territories, and the likelihood of Israel aiming blows at Hamas's institutions: all of these factors necessarily push the movement to reconsider, retreat, and examine the similar problems faced by the Palestinian armed resistance movement for the past quarter-century, which led this movement to adopt a combative line with two tracks for the continuance of the armed and the popular struggles, in addition to entering the negotiating arena. It might be beneficial for Hamas to study the following possibility: Palestinian commitment to nonparticipation in the talks before the return of the deportees; simultaneously, the holding of bilateral talks between Israel and Lebanon, Jordan, and

Syria; a Syrian-Israeli agreement on the Golan; and encouraging the signature of the nearly-approved Jordanian-Israeli agreement. Is this outcome in the interest of the Palestinian people that Hamas is working for? Is this tantamount to the Arab and Islamic support that Hamas strives for, for the PLO to boycott the negotiations? How will Hamas view these countries—or more precisely, how will these countries view Hamas? Yes, it is the same dilemma that dizzied the PLO until it learned the art of tightrope-walking.

The Palestinians' best option is to adhere to what was agreed upon in the Hamas-PLO meetings: to not return to the negotiations before the return of the deportees and to upgrade coordination to support the intifadah and ensure national unity, then adjust the course of the peace process preliminary to comprehensive national unity in all Palestinian contexts under the banner of the PLO.

Parties React To Ministry Ban on Parties

93AE0195A London AL-SHARQ AL-AWSAT in Arabic
11 Dec 92 p 5

[Article from Amman: "Reactions to Interior Ministry Decision"]

[Text] Jordan began to witness a calm general debate, sometimes in the newspapers and other times in private meetings. The topic of these discussions was political party permits. The debate increased after the Interior Ministry refused to grant permits to the Arab Socialist B'ath Party and the Jordanian Communist Party.

Some people are of the opinion that the ministry has violated the Constitution, while others have said that the ministry has applied the Jordanian law on political parties. A third group is of the opinion that the ministry was wrong to issue a decision, and it should have not issued unilateral decisions on this issue. It should have formed a group of experts that included ministry staff members and independents to study the applications of the law and issue an appropriate decision.

Meanwhile, a group of people who may have the best opinion in both form and content is saying that the only reference in this issue is the law on political parties and that the ministry does not need to seek any outside opinion.

This group goes on to say that it would have been a grave mistake for the ministry to seek the advice of an outside counsel, as long as the final decision is left up to the Supreme Court, as explicitly stipulated in the political parties law.

Along the same lines, some Jordanian legal experts say that the topic is not to be debated extensively. They add that the law on political parties is very clear regarding this issue. They said that there is no doubt the opinions of the parties to the debate are colored by their affiliations.

From a legal point of view, the Supreme Court has the final word. Any other opinions, wherever they are expressed, are just a waste of time, as long as the law stipulates that the issue is to be referred to the Supreme Court. The court is undoubtedly the most qualified source to give such an opinion. Its objectivity and discretion are acknowledged by all.

It is to be noted in this debate, which is so far very calm, that the supporters of the two parties are some parties that have not received their permit yet. Some of these parties went as far as saying that refusing to grant these parties a permit is unconstitutional.

Ya'qub Zayadin, secretary general of the Communist Party, and Ahmad al-Najdawi, secretary general of the B'ath party, have hinted that the two parties will each submit a motion to the Supreme Court contesting the Interior Ministry's decision.

Zayadin mentioned his intention in a special interview with AL-SHARQ AL-AWSAT, while it has been heard in Jordanian circles that the B'ath party will follow the same path.

Political circles in Jordan expect decisions by the Interior Ministry regarding six other political parties. According to Interior Minister Jawdat al-Subul, the ministry will issue its decisions within the time limits specified by law.

It has been noticed that Dr. Jamal al-Sha'ir, founder of the Democratic Unionist Grouping, and Dr. Zayd Hamzah, interim secretary general of the Progress and Justice Party, oppose the ministry's decision and claim that it was unconstitutional. It is worth mentioning that they are both physicians and held positions in former Jordanian cabinets.

It is expected that the debate will become wider as soon as the Interior Ministry issues its decisions on whether to grant permits to new parties. It is worth mentioning that the current debate is limited to the one category, which includes those interested in political life. The general public does not have time to discuss this issue, or they do not have a clear visualization of it. This means that the interest in the parties is limited to those who are involved in politics life and interested in the issue of political parties.

Some Jordanian political parties started to reconsider their political and intellectual platforms after the Jordanian Government refused to grant permits to the two parties.

Some party leaders told AL-SHARQ AL-AWSAT that "in light of the Interior Ministry's refusal to grant permits to parties that have programs that include ideas and principles that we consider ordinary and suitable to the present time, we have to reconsider our positions and make use of the experience of these two parties so that we will not get into trouble."

One of the nationalist leaders of a party said that his party would not be granted a permit for reasons that might be stronger than those the Interior Ministry gave to justify refusing permits for the two parties.

He added: "If we want to get a permit from the Interior Ministry, then we will have to reconsider our programs. That means that we will have to abandon many ideas that are widely supported by the party members, which would prompt some members to leave the party, especially now that they have already become uneasy. They might be justified in doing so, particularly because they are not obliged to have two platforms: one that has been declared to the government and an undeclared one that they believe according to the party's true objectives and principles."

It should be noted that the parties that have obtained the approval of the Interior Ministry are characterized by certain political and intellectual ideas that could be classified as middle of the road. Examples include the Jordanian National Alliance, which obtained the first permit, followed by al-'Ahd [Covenant] party and the Popular Unity Party.

It should be noted that Mijhim al-Khurayshah, secretary general of the National Alliance, is from one of the strongest clans in Jordan and until very recently was a high official in the Interior Ministry, where he served as Governor of al-Balqa'.

'Abd-al-Hadi al-Majali was the former director of security. He is a member of al-Majali clan, which is very influential and has produced many high officials over the last 50 years.

Talal al-Ramhi, secretary general of the Popular Unity Party, is considered to be a conservative figure. His ideas are very similar to those of the Jordanian Government.

Six Jordanian political parties that are still under formation have asked the Interior Ministry to reconsider its decision to refuse permits to the B'ath Party and the Communist Party.

A statement signed by representatives of the Communist Party, the Jordanian Popular Democratic Party (HASHD), the Progressive Party, the Arab Socialist B'ath Party, the Democratic Popular Unity Party, and the Socialist Democratic Party, said: "...the reasons cited by the ministry for refusing permits are in contrast with democracy and its requirements. They affect political life and national stability. They will weaken the ability of our people to face challenges."

The six parties rejected the government's decision and asked the government to reconsider its decision to serve national interests and to enhance political multilateralism.

MB Internal Debate: Govern or Oppose

93AE0195B London AL-SHARQ AL-AWSAT in Arabic
11 Dec 92 p 5

[Article from Amman: "Two Opposing Trends in Islamic Movement in Jordan"]

[Text] If the Islamic movement, as one of the main trends in the Jordanian political life, was subjected to an evaluation of its political performance from outside, then maybe it is, for the first time, being subjected to a comprehensive evaluation coupled by a futuristic vision by the Islamic leadership in the Jordanian arena, trying to evaluate the experience through its understanding of the political opposition, its development, and its participation in government, its duties and rights and the Islamic movement's political platform and its relationship with other political parties and trends working in the arena.

One of the leaders of the Muslim Brotherhood movement who was a member of Mudar Badran's government from 1 January 1991 until 6 September of the same year, defends his participation in the cabinet by saying that the movement's shura council "made a decision to participate, and so did I and some of my colleagues." In fact, the decision to participate was made by the movement's leadership.

He said: "The findings of a shari'ah study and a previous decision by the movement, after considering the issue, said that participation in government is not forbidden [haram] as long as the intent is to reform. It is left to the Islamic movement in each country to adopt an opinion that considers it suitable to participate in government or resist it, according to the circumstances and conditions in each country toward the Islamic movement.

The former minister, who is currently a member of parliament, said that the Islamic movement has wavered between support and opposition throughout its history. The biography and letters of Hassan al-Banna indicate that he was trying to cooperate with the rulers and coordinate with them, as long as such an endeavor would lead to serving general Islamic and national interests. In general, these are personal positions that the Islamic movement may consider as right or wrong, but they are not to be considered an unshakable Islamic position.

A mistake by the Islamic movement does not mean a deviation from the creed or origins of Islam.

Another Islamic movement leader, who also is a parliament member, conceded that the Islamic movement's performance in the last three years had some problems and imbalances, despite its various achievements.

He added that various circumstances and events forced a conflict between policy, education, and the movement's mission. Interest in these aspects fluctuated, and many Muslims, even some of the movement's leaders, thought that there was such opposition between the aspects that any attempts to mix them might sometimes lead to failure.

He said that "different developments took place in issues such as political participation, the Palestinian issue, and external Islamic issues, causing us to concentrate on them and not to concentrate on preparation, education, and culturalization. There were some shortcomings at the spiritual and educational levels.

"As for performance and achievements, there was some negligence, and I hold some of the leaders of the Islamic action responsible for what took place."

Dr. Yusuf al-'Azam, an Islamic leader, a former minister and parliament member, conceded that the Islamic movement is still presenting ideas and slogans that should be left behind. He added that more detailed programs should be developed, rather than the general ones that were just dreams in a previous stage.

He called for methodology and programming in political performance, which would require a change in the platform directed at the people's daily concerns and political rights. This requires the Islamic movement to provide clearer programs and to be very rational and use positive approaches, without any bargaining or violence or accusations against anybody.

Al-'Azam does not think that the Islamic movement should remain in the opposition in order to be more credible and win more supporters. He does not agree that the Islamic movement's participation in the government forces it to make concessions and lose supporters. He thinks that the movement should support or oppose whatever it considers to be right or wrong, because the public often needs guidance. He does not want the movement to be preoccupied by gaining public support and then neglect what it considered correct. A particular government is not necessarily wrong in all its positions and programs.

He frankly admitted that the Islamic movement should provide more qualified candidates for the upcoming parliamentary elections, abandoning the tactic of aggressiveness, accusations, and hostility. Some of the previous practices of the Islamic movement antagonized other people.

Chronological, Demographic Trends in Settlements

93AE0224B Jerusalem AL-NASHRAH AL-
ISTRATIJIYAH in Arabic No 11, Mar 92 pp 20-21

[Article: "Statistics About Settlements"]

[Text] Information about Jewish settlement in the occupied Arab territories differs from source to source. In the following pages we shall try to give the reader and researcher a picture of these differences as they occur in the sources and thereby save them the trouble of seeking to extract this information. The differences show that our researchers need to be alert and cautious and verify figures, especially official Israeli ones, before using them in their studies.

Accelerating Settlement Growth in 12 West Bank Towns (from JERUSALEM REPORT)

Town	Settlers in January 1987	Settlers in May 1991
Alfey Menashe	1,900	2,800
'Imanu'el	1,900	4,000
Qarney Shomron	1,100	4,000
Elqana	1,560	2,750
Ari'el	5,300	3,000
Bet Arye	625	1,050
Giv'at Ze'ev	3,400	6,000
Ma'ale Adumim	11,100	15,000
Betar	—	1,550
Efrat	1,500	3,150
Qiryat Arba'	3,700	5,500

Settlement Development in West Bank, Gaza (from HA'ARETZ)

Political Period	Year	Settlers	Population Increase	Percentage
End of Labor Alignment Government	1976	3,176		
Likud Government (Begin)	1977	5,023	1,847	58.1%
	1978	7,361	2,338	46.5%
	1979	10,000	2,639	35.8%
	1980	12,424	2,424	24.2%
2d Begin Government	1981	16,119	3,695	29.7%
	1982	21,000	4,881	30.3%
Shamir Government	1983	27,000	6,500	30.9%
Peres Government	1984	44,146	16,646	60.5%
	1985	52,960	8,414	20.0%
Shamir Replaces Peres	1986	60,500	7,540	14.2%
	1987	70,000	10,500	15.0%
New Unity Government	1988	75,000	5,000	7.5%
	1989	81,200	6,200	8.2%
Right Coalition Government	1990	96,000	14,800	18.2%
	1991	112,000	16,000	16.6%
Estimates	1992	141,000	29,000	26.0%
Estimates	1993	185,000	43,000	30.5%

Development of Number of Settlers in West Bank, Gaza (from Israeli Central Statistics Department)

Year	Number of Settlers	Number of Settlements
1972	1,500	15
1983	23,800	81
1985	4,600	116
1986	53,400	122
1987	60,300	122
1988	66,500	122
1989	73,000	128
1990	81,600	132

Number of Settlements, Settlers in Occupied Arab Territories (from Middle East Peace Foundation report)

Area	Number of Settlements	Number of Settlers
West Bank	150	85,000
East Jerusalem	9	140,000
Gaza Strip	16	5,000
Golan	35	12,000

Increase in Number of Settlers in West Bank, Gaza—January to November 1991 (from West Bank and Gaza Settlement Council publication)

Council	Settlers (January 1991)	Settlers (November 1991)
Qarney Shomron	4,000	4,650
Shomron	11,000	12,400
Binyamin	12,000	13,600
Bet Arye	1,050	1,300
Ma'ale Adumim	15,000	15,750

Qiryat Arba'	5,300	6,250
Hebron	400	575
Alfey Menashe	2,800	3,450
Oranit	2,225	3,100
Gush 'Etzyon	5,200	6,150
Betar	1,800	2,900
Efrat	2,700	3,500
Ma'ale Efrayim	1,500	1,700
Ari'el	9,200	11,150
'Imanu'el	3,500	4,350
Elqana	3,150	3,200
Biq'a	3,500	3,800
Mt. Hebron	1,750	2,450
Giv'at Ze'ev	5,675	6,850
Megilot	—	700
Gaza Coast	4,250	430
Total	96,000	112,125

Distribution of Settlements and Settlers in West Bank and Gaza 1990; Building Plans; Estimated Settler Numbers for Mid-1993 (from HA'ARETZ, 22 June 1990)

Settlements in West Bank, Gaza	Settlers	Planned Housing Units	Settlers Estimated for Mid-1993
Local Councils:			
Bet Arye	1,045	50	1,270
Ma'ale Adumim	14,250	1,200	1,965
Qiryat Arba'	5,200	450	7,225
Hebron	400	unknown	400
Alfey Menashe	2,830	1,500	9,580
Oranit	2,225	350	3,800
Gush 'Etzyon	5,200	—	5,200
Betar	1,800	400	2,800
Efrat	2,650	300	4,000
Ma'ale Efrayim	1,500	—	1,500
Ari'el	8,665	900	12,715
'Imanu'el	3,500	200	4,400
Elqana	3,150	70	3,465
Giv'at Ze'ev	5,675	250	6,800
Regional Councils:			
Samaria (32)	15,000	1,000	19,500
Binyamin (26)	12,027	600	14,727
Jordan Valley (18)	3,500	—	3,500
Hebron (9)	1,760	100	2,210
Gaza Strip (17)	4,280	400	6,080
Total	94,657	7,770	128,822

Distribution of Settlements and Settlers in Occupied Palestinian Territories (Except Jerusalem) to End of 1991 (from HA'ARETZ)

District	Number of Settlements	Number of Settlers
North West Bank	35	3,620
Central West Bank	38	38,920
Gush 'Etzyon	17	9,330
Mt. Hebron	15	7,445
Jordan Valley	23	3,520
Gaza Strip	17	3,220
Total	144	99,000

Volume of Building in Occupied Palestinian Territories (Except Jerusalem) to End of 1991 (from HA'ARETZ)

District	Permanent Buildings	Temporary Buildings
North West Bank	4,517	1,223
Central West Bank	2,638	1,416
Gush 'Etzyon	1,184	443
Mt. Hebron	676	444
Jordan Valley, Dead Sea	Undetermined	Undetermined
Gaza Strip	967	146

From AL-NASHRAH AL-ISTRATIJIYAH, Jerusalem Center for Strategic Studies, No. 11.

Report Profiles Black Panther Officer

93AE0224A *Baqah al-Gharbiyah AL-BAYARIQ in Arabic 30 Oct 92 pp 11, 18*

[Article by Muhammad Husni Najib: "Mahdi Abu-al-Hasan: Black Panther Hero"]

[Text] Mahdi Abu-al-Hasan, with his clear face (the clarity of belonging and purpose) and blue eyes, "rightly guided" as the meaning of his name implies, was a gift to the people of Janin. If his name is mentioned on the West Bank, it reminds everyone of a proud era. Mahdi Abu-al-Hasan grew and matured in the al-Sikkah neighborhood in the southern part of the city of Janin. He was born on 8 June 1971 in a modest home that guards the south gate of Janin to a family that made learning its pulpit and guiding light. Obedient to his father, the intelligent student graduated with the glow of belonging in his eyes. White with the color of peace. His forearms were of challenging proportions. He loved everyone unto death.

His father said: "Mahdi was created to become a martyr. His character traits were the best possible. Mahdi Abu-al-Hasan began his struggle from the very beginning of the intifadah. Once, while he was in the central market of Janin, there were actions against the Army. The Army quickly surrounded the area and arrested dozens of

young people. Mahdi behaved like a lion amid the nightsticks of the soldiers, who pelted him with blows until he lost consciousness. He was imprisoned for two days and then released with smashed bones. From that episode came the beginning of knowledge—knowledge of how much contempt Palestinians were suffering."

His friends said to me: "Mahdi swore after that that he would live with dignity and die with dignity." That was the beginning of knowledge, though one should remember that Mahdi was active in the Fatah-affiliated youth movement in school. Mahdi picked up stones and struck, but it did not satisfy his excitement. He continued on his way and met Ahmad 'Awad Kamil. The commander said: "At the beginning of 1990, we met a group of fugitives from the Janin area. Together we studied the intifadah from all sides and concluded that intifadah activity needed developing. We agreed that there had to be activity in the form of armed cells. We chose Black Panther groups as a natural extension of the Black Panther cells in Nabulus, Jabal al-Nar. I agreed with brothers who have preceded me to martyrdom—Mahmud al-Zar'ini, Mahdi Abu-al-Hasan, and Ahmad Sa'id Bayir ('Camel')—to found these cells."

Thus Mahdi Abu-al-Hasan joined the Fatah-affiliated Black Panther revolutionary security apparatus. He began by forming a top-level deterrent force to protect the intifadah's achievements and define military missions for the Fatah wing. Mahdi was considered the iron man for organization commando operations requiring exact aim, seriousness, resolution, and success. His personality shone through his rapid movements that covered 30 districts thoroughly.

According to his acquaintances, Mahdi had an attractive personality and a revolutionary's humility. He made no distinction between the head of the organization and participating personally in helping schoolchildren. Here are some of the things they told me about him:

"Mahdi took up arms and began open patriotic activity. For five months, his star shone, and he became the talk of everyone in the Janin area. He entered people's homes and their hearts. They loved him, and he loved them. He loved his people, who embraced him with his wounds. The people embraced him because they saw in his eyes tidings of liberation and hope of return. Mahdi would enter one village and leave another. He would get out of the car, and crowds of people would shake his hand. He moved like a butterfly from one street to another, smelling the odor of love from house to house. He would bathe and change his neat clothes, and we would see him looking like a bridegroom who believed that a revolutionary is known by his sweet smell.

"Despite his youth, Mahdi considered himself a father to the organization's members. His character made him a popular legend. We are not boasting or exaggerating if we say that he was able to increase Fatah's extensions in all locations. If elections had been held in the Janin area, Mahdi would have been the uncontested king."

'Arrabah Revolutionary Security Apparatus

Mahdi spent his time working for his country and his people. He joined the revolutionary security apparatus and became a prominent figure in it. He was genial, cheerful, and kind to the weak. It is no exaggeration to say that light radiated from his face. No mistake or fault was recorded against him. Although he killed collaborators, he was merciful to some of their families and extended a helping hand to them.

Qabatiyah Revolutionary Security Apparatus

In 1989, the Black Panther groups joined the ranks of the revolutionary security apparatus. He was one of the founders of this apparatus in the Janin area. He began his activity by founding security cells to collect information about the activity of the Israeli security apparatus Shin Bet. He began working to limit the activity of this apparatus by pulling out collaborators, interrogating them, and executing the punishment of God and the people against the dangerous ones. Then he began forming armed groups and cells in the Janin area, relying on a group of young people from the town of Qabatiyah—especially the present officer of the group, the hero Ahmad 'Awad Kamil.

Kafr Ra'i: Black Panther Fugitive Abu-Samid

"I met him in 1990 when he arrived in the village in the company of Brother.... He lived in Kafr Ra'i and Fahmah for 10 months and founded strong groups among us in Kafr Ra'i, Fahmah, 'Arrabah, and Sayda, as well as 'Illar. If he learned that there was a bullet in another village, he would not sleep at night until he got that bullet for the Black Panthers. I personally attended several 'dragging out' operations that Mahdi conducted against people involved with [Israeli] intelligence—many of them. He interrogated them and, having begged them to turn from their ways, allowed them to return to their children.

"I often slept in the mountains with him. He wanted to be the last man among us to go to sleep, and he would be the first to wake up. He would wake us up with his gentle mirth and unending smile. They formed the core of the Black Panthers in the town of Qabatiyah. Then a process of broadening the scope of the apparatus began, until it included most of the villages and camps of the Janin area."

Sayda-Tulkarm Revolutionary Security Apparatus

"We knew him as a symbol of struggle and militancy. The mountains of Sayda embraced him. We still remember his smile. We remember the nights of cold and suffering, too. Yes, we knew him and loved him, just as we loved the martyr Ayman Abu-'Atiyah, and Muhammad Kamil ("Taqtat"), and all the panthers and hawks."

Mahdi was courageous. He respected the top leaders, but he did not fear them or flatter them.

I learned from trustworthy sources that Mahdi Abu-al-Hasan and Ahmad 'Awad Kamil had a [telephone] conversation with Chairman Yasir 'Arafat from a house in Nabulus about the situation in the Janin area. For understandable reasons, the content of the heated conversation will not be published here.

The story is told that Mahdi Abu-al-Hasan undertook to liquidate a dangerous collaborator who was accused of having killed the Palestinian ambassador in Kuwait. The suspect confessed to having done it, and he was shot. Mahdi Abu-al-Hasan was such a legend in the Janin area that the people composed patriotic songs and wrote poems about him. One poem I heard goes like this:

Mahdi, you overcame wounds,
and you shunned the world of jesting.
Symbol of great men, you neither
cheated death nor accepted insult.
Mahdi shall remain in our hearts;
Mahdi shall remain in our eyes.
Mahdi is the guide of our struggle,
and on your path we are marching.

Martyrdom

The family said: "On the day he died, Mahdi visited the house at 0530 accompanied by Taqtat. He bathed and ate, said goodbye to us, and went on his way. Mahdi Abu-al-Hasan was killed in the village of 'Arrabah in the company of the martyr Muhammad Sadiq ("Taqtat") after being attacked by Special Forces on 5 November 1991. Mahdi and Taqtat were riding in a Subaru, when a strange car with a West Bank license number suddenly started following them. Mahdi got out of the car to stop the strange car. Suddenly, machine gun fire burst from the car in the direction of Mahdi. Hit in the leg, he stepped aside and tried to undo the buttons of his jacket to draw his machine gun, but they opened fire on him while he was wounded in the leg."

Eyewitness: Umm Mahdi From 'Arrabah

"The special forces were wearing dishdashas. I remember that one of them was wearing a blue dishdasha. I saw the scene. I shall never forget it as long as I live. They fired on him when he was wounded. They stood over him. The bullets hit him in his head and waist. But I want to say that Mahdi did not die. I was pregnant at the time, and I named my son Mahdi to make his memory eternal, so that he would not depart from our memories."

I learned that there were dozens of children in Janin district bearing the name Mahdi to perpetuate his memory.

Mahdi's mother said with tears in her eyes: "God bless him! I no longer care about anything after losing Mahdi. Mahdi never tired me, even when he was little."

Mahdi's father: "Mahdi lifted my head high."

Baha' (Mahdi's brother): "What can I say? The year has passed like a few days. Mahdi is with us in every corner of the house."

Diya' (age 8): "Mahdi is my beloved."

Mujahid: "Mahdi is our model. He never made us unhappy."

Sultan (age 11): "Mahdi is a hero. He is our beloved."

Sufyan (age 15): "Mahdi was a friend, a brother. May God have mercy on him."

Sabrin (age 7): "Mahdi used to play with me. He loved me. He used to take me along when he was being pursued. He took me for a whole week with him in the mountains."

Hanin (age 12): "Mahdi used to play with me. He loved me."

Mahdi's aunt: "I could not look into Mahdi's face, because I saw a light that gripped me."

Mahdi's family consists of 14 people. His father (who was fired from the school system) went on to say: "The letter firing me was a crime against me because they made me lose 29 years of toil in the school system. It was a deliberate and intentional wrong against my family, done to take vengeance on me because I am the father of the martyr Mahdi Abu-al-Hasan. I am proud of that. The charge against me was that some masked armed men kissed my hand at the 40th-day commemoration for my son Mahdi at the village of 'Arrabah. The Special Forces attacked the house on 10 February 1992 and smashed its contents, even after Mahdi was killed."

One month before his death, Mahdi Abu-al-Hasan made the following last will and testament to his uncle Kamal Abu-al-Hasan:

"Uncle, I want you to dress me and prepare me [for burial] when I die. Tell my mother, father, brothers, and sisters. I do not want anyone to cry over me. I do not want any person to touch me except you, uncle."

And so it was. His uncle opened the bag, kissed him, and wiped the dust from his upraised head.

Army Arrests Reporters, Violates Civil Rights

93AE0239A London AL-QUDS AL-'ARABI in Arabic
28 Dec 92 p 5

[Article: "Israeli Troops Assault Press Reporters and Beat Them Severely"]

[Text] Gaza—On Friday afternoon, Israeli troops arrested 'Imad 'Abd-al-Rahman, the QUDS PRESS AGENCY reporter in the occupied Gaza Strip, for half an hour and beat him severely after he covered details of the confrontations that erupted between the intifadah youth and Israeli Army troops. As a result, the Palestinian reporter suffered bruises in various parts of his

body. The troops also detained and beat press photographer Majid al-'Arabid who works for WTN, an international television network.

Last week, the Israeli authorities detained two other Palestinian reporters, namely Tahir Shuraytah from Gaza and Salim Tayih from Tulkarm, who were released a few days later after a large-scale protest campaign launched by the press and law circles inside and outside the occupied Palestine.

Palestinian press circles say that the Israeli authorities continue to detain four Palestinian reporters who work at the Nabulus Press and Information Bureau and that two other reporters, namely Nizar Ramadan from Hebron and Haydar al-'Abbushi from Janin, are among the [latest] group of Palestinian deportees. The prevalent belief is that Israeli troops have been given additional instructions to harass the information media and journalists in order to prevent transmission of the occupied territories' developments to the outside world.

Report Summarizes 1992 Violence in Territories

93AE0229A London AL-HAWADITH in Arabic
25 Dec 92 pp 28-29

[Article by Nabil al-Burad'i: "1993 Will Be Bloodiest of the Palestinian Intifadah"]

[Excerpts] [passage omitted] One must point out here that evaluating the effectiveness of Israeli special units' activities requires studying the extent of their success in dealing with the pursuit of hunters and armed Palestinian operations against Israeli targets.[passage omitted]

However, an expert in the Israeli Center for Strategic Studies, David Tal, has acknowledged that "it is impossible to put an end to the activities of armed Palestinian groups by military methods alone. The special units, no matter how effective they are, will not change the situation at all."

It is well known that intifadah organizations, whose activists range in age from 15 to 28, have names such as "al-Fahd al-Aswad" [Black Panther], "Suqur Fatah" [Hawks of Fatah], "al-Nasr al-Ahmar" [Red Eagle], "Iz-al-Din Qassam," "al-Mujahidin," "Rafiq al-Salimi," "Uyun al-Qarah" [Eyes of the Continent], "Dalal al-Maghrabi," "Tamsah" [Crocodile], and "al-Asad al-Muqanna'" [Masked Lion]. [passage omitted]

The role of the Israeli special units has not been confined to suppressing demonstrations and liquidating hunters, but also extends to abducting many strugglers from their workplaces or off the streets. This is done to confuse Palestinian citizens and spread doubt and fear in the hearts of the rebels.

Among those abducted were persons working in the humanitarian fields, such as caring for the disabled and sick, offering social services through a relief agency, and

working with Palestinian refugees (UNRWA [United Nations Relief and Works Agency]).[passage omitted]

Despite the fact that the Israeli death units' work is done in absolute secrecy, the newspaper HA'ARETZ has been able to obtain information leaked from Israeli military sources that indicates that these units, during the period between November 1991 and March 1992, carried out 1,040 operations on the West Bank alone, killing 15 Palestinians and arresting 205.

PLO sources have stated that the Israeli special death units have intensified their operations inside the occupied Gaza Strip this year. Most of these operations, totaling 2,000, have failed, especially in the Rafah area, where the hunters enjoy widespread protection by the masses.

The Center for Arab Studies in Jerusalem, headed by Faysal al-Husayni, announced that 69 Palestinians from the West Bank and Gaza Strip were killed by Israeli special units between the beginning of January 1989 and the end of December 1991. The ages of these martyrs killed by the Israeli units ranged from 15 to 27 years old. It should be noted that most of these adolescent martyrs were killed while writing national slogans on walls of West Bank and Gaza Strip houses.

Military analysts expect that 1993 will be the bloodiest year since the start of the intifadah because of the Israeli Army's compulsion to put greater reliance on its special units, on the one hand, and the increase in the rate of the Palestinians' use of firearms in their resistance of the Israeli occupation forces, on the other.[passage omitted]

The Israeli Army has counted 334 shooting operations carried out by Palestinians in the West Bank and Gaza Strip during the first 11 months of 1992, compared with 262 shootings during 1991, 158 in 1990, 102 in 1989, and 38 in 1988. Moreover, the use of firebombs by Palestinians has also increased. As of 1 December 1992, 954 Molotov cocktails had been thrown at Israeli forces, compared with 958 in 1991 and 580 in 1990.

International Red Cross reports indicate that 12,126 Palestinian detainees are now in Israeli Army prisons and detention camps, compared with 8,525 detainees in 1991.

Negotiator on Feasibility of New Economy

93AE0207C Jerusalem AL-NAHAR in Arabic 25 Nov 92
p 10

[Interview with Samir Halilah by Ikram Sha'ban; place and date not given]

[Text] AL-NAHAR conducted the following interview with Samir Halilah in his capacity as a member of the Palestinian delegation to the economic development committee that was established in the framework of the multilateral negotiations:

[Sha'ban] Can an independent economic structure be established without political independence? Is there a historical precedent for this, knowing that the political authority determines the political and economic structure and framework?

[Al-Halilah] Our people's task is to continue the process of building its economic infrastructure, whether under occupation, in the transitional phase, or once full independence is achieved. This task is inevitable as long as a people lives and holds its ground. The difference between one phase and another relates only to what can be accomplished in achieving this goal. In other words, in the occupation phase, our capabilities will certainly be limited and our role fractured and weak. This role can grow during the transitional phase and find its best expression once independence is achieved.

Towards Comprehensive Development

[Al-Halilah] The special nature of the Palestinian situation, especially its political aspect, compels us to seek, in a given phase, solutions that we would not accept under other circumstances. For example, we welcome the opening of local banks under the occupation and the granting of permits for new industries. We also call for lower taxes and the free movement of capital and goods between the Palestinian occupied territories and abroad. At the same time, we know that all of these achievements, regardless of their immensity, will not achieve comprehensive or meaningful economic development because the atmosphere of occupation neither permits nor encourages entrepreneurs, investors, banks, and organizations to invest in the occupied Palestinian lands. Also, these achievements will not end Israeli security measures imposed on ports and bridges and on the movement of goods and persons between Palestinian cities, and between the West Bank and Gaza Strip. In addition, we will not be able to convince hundreds of thousands of tourists to visit the area in the climate created by the intifadah, clashes in southern Lebanon, or bombs being thrown in the old city in Jerusalem.

There is no historical precedent of an economic structure being established without political independence. The transitional phase in all countries that have obtained their independence has not been long. The Palestinian model is a special model that has not been applied previously.

Difficult Equation

[Sha'ban] The economic delegation speaks of regional cooperation. However, such cooperation is undertaken between independent states. Where do Palestinians fit in regarding regional cooperation, inasmuch as they lack statehood?

[Al-Halilah] The Palestinians have been accepted in the multilateral negotiations on an equal footing with the other participating regional parties, and the size of the Palestinian delegation equals that of the other delegations. This was not the case in the bilateral negotiations

phase. It represents a major achievement and great progress relative to the Madrid formula and the bilateral formula. Also, an agreement has been reached on the participation of a number of Palestinians in the diaspora. An implicit agreement has also been reached on the participation of PLO members and on the membership of the delegation in the disarmament and security committee, despite Israel's refusal to grant the Palestinians external security authorities during the transitional phase and its insistence on the Palestinians not having foreign relations.

Our view is that this means that we are a regional party that can sign future regional agreements without regard for Israeli stipulations. As for the problem that we do not have a state yet but are regarded as a regional party, the resolution of that equation is the problem of the two major countries that are sponsoring the peace process.

Our Economy Will Not Merely Be a 'Trojan Horse'

[Sha'ban] Dani Rothschild, the coordinator of the affairs of the occupied territories in the Israeli Defense Ministry, recently said that the occupied territories will be a bridge for the sale of Israeli goods in the Arab world. This means that the economy of the occupied territories will turn into a services economy. Is there a future for a services economy in this era?

[Al-Halilah] Israel has dreamed that we would be Trojan horse to help it cross into the Arab world. They have hoped—as much as they can—that the Palestinians would derive some benefit from this business, although they prefer that we not compete with or impede them in this regard.

However, we believe that this statement, which resembles many Israeli dreams, is unrealistic for numerous reasons. The first is that the occupied Palestinian lands will be neither open to preying nor inviolable. There is a sovereign framework that determines economic policies that fulfill the needs of residents of the area and provide for their future. Any Israeli dream in this sense must first be accepted by the Palestinian side.

A second reason is that we see no significant likelihood that Israel will find markets open to it in the Arab world in the initial phase. I reckon that the history of the long struggle will be a psychological barrier to the Arab peoples' consumption of Israeli products, especially in the near future. In addition, Israeli products are of a high level and expensive, which makes them incompatible with the average monthly income and living standard of individuals in the Fertile Crescent and North Africa, at least.

Nor will high-tech industries, or those that can be marketed in the Gulf countries, find a good market in view of European and American monopolies. Also, the products of the Southeast Asian countries are inexpensive. In my estimation, if Israel now indirectly exports \$2 billion in goods to the Arab world, once peace is achieved Israel can only double this figure in the near

future, which is still a very small percentage of Arab foreign trade or total Israeli exports.

In addition, Israel has been reorganizing its economy during the past 20 years to orient it toward exporting to Europe, not to Arab markets. Therefore, there is no hope of a major economic boom in this regard in the near future.

Regarding the World Bank Report

[Sha'ban] The World Bank recently prepared a study on the economies of the region that makes no mention of the occupied territories. What are the reasons for that?

[Al-Halilah] In the first and second round, the World Bank presented the Regional Economic Development Committee with a preliminary study on the economic problems of the region. The study deals with the region's countries, the features of their main problems, and recommendations for future regional policies that help in surmounting regional economic problems and in stimulating and strengthening regional cooperation. However, because Palestine is not a member in the World Bank, the World Bank did not deal with it, even on a geographical, demographic, or political level. This does not rule out the idea that we have been completely ignored for political reasons. The Palestinian position has been that the World Bank does not, in this case, enjoy the credibility of an objective party and is thus unqualified to perform studies on the region. However, after negotiations with the American and Israeli parties regarding this problem, the World Bank agreed for the first time to conduct an economic study of the region that will devote a section to the occupied territories. Also, in the next few days, a World Bank delegation will arrive in the occupied Palestinian lands.

In addition, the World Bank, in its report, deems that this agreement supports the growth process of nations. In other words, they have accepted dealing with people that are in the process of forming a state and a political framework. This occurred based on a precedent put forward by the Palestinians, namely that the bank has agreed, in special cases, to study and assist several peoples in Eastern Europe—*The Breakup of the Countries of Eastern Europe*—before their official admission to the United Nations as members.

This is a progressive political step, especially after Israel's promise to facilitate the mission of the World Bank delegation. This is something new, because Israel had earlier refused to provide facilities to any international economic mission tasked with examining the economic distortions that have affected the occupied Palestinian lands and the reforms needed for revitalization.

Paper

[Sha'ban] You mentioned in a lecture at a recent meeting that all of the papers that you presented in Paris and Brussels were prepared by Yusuf al-Sayigh and approved

in Tunis. Does this not belittle the competence of economists in the occupied territories?

[Al-Halilah] The paper supervised by Yusuf Sayigh was based on a comprehensive study prepared with the collaboration of 26 Palestinian economic experts from the occupied Palestinian lands and several experts from abroad. It is considered the result of in-depth studies carried out during 1991-1992 in this field.

The Palestinian delegation from the occupied lands customarily presents its view on the economic paper. Fifteen experts in the interior participate in formulating this paper. The paper is then discussed with the Palestinian economic team from abroad, and an agreement is reached on its final wording.

Greater weight is attached to abroad regarding the economic paper, because of the supervision of the Palestinian economic department, which is large and effective in the preparation of economic papers. However, we find that experts in the interior have greater weight, for example, in drafting the paper on the environment or water.

BAHRAIN

Full Foreign Ownership of Business Becomes Legal

93AE0203A London AL-SHARQ AL-AWSAT in Arabic
15 Dec 92 p 11

[Interview with 'Ali Fakhru, chairman of Bahrain Chamber of Commerce, and Hasan Zayn al-'Abidin by 'Ali Ibrahim; place and date not given: "We Hope Gulf Shares Will Be Available for Everybody"]

[Text] Bahrain recently approved changes in its economic laws to permit foreign investors fully own industrial and service projects without a local partner. It also approved an incentive system for joint venture between local and foreign investors. The system includes a 50 percent discount in energy prices and land leases and subsidies for the salaries of Bahraini workers. This is within the framework of a number of conditions, including a commitment to hire a certain percentage of Bahraini workers. A reevaluation of the law on commercial agencies is currently under way with a view toward granting more facilities. At the same time, there is a campaign to promote midsize and small industrial projects available to the investors. The objective is to promote Bahrain as a center of attraction for foreign industrial investments looking for more facilities, Bahrain has already succeeded in establishing an international financial center that ranks among the top five in the world.

'Ali Fakhru, chairman of the Bahrain Chamber of Commerce and Industry, spoke to us about the role that Bahrain would like to play as a business center for industrial companies and investment. He also discussed

the latest amendments in the laws and their objectives. Hasan Zayn al-'Abidin, vice chairman of the Bahrain Chamber of Commerce, also attended the interview. Fakhru had just returned from London, where he led a large Bahraini delegation at an Arab-British Chamber of Commerce seminar on the new Bahraini investment incentives. The delegation met with businessmen and bankers to discuss the new facilities.

[Ibrahim] What are the results of your talks in England?

[Fakhru] Our talks in England concentrated on explaining the new conditions in Bahrain under the newly approved system that allows foreign investors to fully own industrial and service projects and also to take advantage of the economic environment. In addition, there are no taxes or restrictions on money transfers or the flow of capital, and incentives for electricity, land, and labor have been approved for joint ventures. The objective of these incentives is to encourage the establishment of small and midsize companies, but not large companies because large companies have their own domain and investors. At the same time, we have made proposals to banks, particularly the Bank of England. Bahrain is an important financial center for the offshore banks because of the financing opportunities available for the new projects that Bahrain plans to implement, such as a \$600-million steel factory, the \$200-million power generation stations, the construction of a new, 950-dinar (\$300-million) port, an industrial zone adjacent to the port, and a desalination project, as well as other incentives that are granted while the investors are visiting the country, such as a one-week, renewable visa, which is granted at the airport.

We concentrated our talks with the British investment banks that act as consultants to British companies and businessmen. We would like these banks to tell their clients about the new facilities available in Bahrain as a result of the latest changes in the country's laws.

[Ibrahim] Usually the countries that have population surpluses and labor surpluses seek to attract foreign investments to supply employment opportunities. Bahrain has a small population and does not suffer from such a problem. In addition to that, the area does not lack liquidity and capital.

[Fakhru] We have two objectives. The first is to employ Bahraini labor, and the second is to increase the resources of our national economy and the volume of trade. As you know, Bahrain has about 500,000 people and does not have a large foreign labor force. Studies indicate that in the future we might have a surplus of Bahraini manpower, especially college and industrial institute graduates. We do not want them to be unemployed in the future. This is why we want to attract industries, to employ this work force. This is obvious from the incentives approved for the joint industrial projects. Any project that has at least a 30 percent Bahraini work force will be granted up to a 50 percent

discount in energy prices and land lease costs for a certain period of time, in addition to other incentives.

[Ibrahim] You are floating in a sea of liquidity and do not need capital. Why are you going to Europe for capital?

[Fakhru] We are going to Europe because it has modern technology. We will be able to combine Western technology and Bahraini capital in the proposed joint industrial projects. This was the reason for our trip to England. We plan to visit other industrialized areas in the world, but this does not mean that we do not seek Gulf capital.

At the same time we are trying to take advantage of a new trend by companies and investors that are looking for areas where energy is cheap and projects are granted various incentives, including tax breaks, for projects that target foreign markets. This is designed for the projects that will be fully owned by foreign investors. The joint projects, which have 51 percent national capital and 49 percent foreign capital, will benefit from be able market their products in all of the GCC [Gulf Cooperation Council] countries according to the unified Gulf economic agreement. These products will receive the same treatment that is given to national products. At the same time, the foreign-owned projects in Bahrain will be treated the same treatment as Bahraini companies and factories.

We believe that Bahrain provides an excellent center for these projects because it is an important air traffic center and maritime center, in addition to the availability of communication and the country's proximity to large markets such as Pakistan, India, Iran, Afghanistan, Egypt, Iraq, Africa, the former Islamic Soviet Republics, and the Gulf market.

[Ibrahim] There is noticeable competition among many Gulf centers that are following the policy of establishing free zones and giving incentives to foreign investors.

[Fakhru] Yes, there is competition, and there should be competition in order to have the best. With the new facilities, we are seeking to become a more flexible business center that has more facilities and is more attractive to the foreign investments. We are seeking to keep pace with international developments. We have succeeded in attracting international banks, and we have become an international banking center, as we currently have 120 banks in Bahrain. We also have succeeded in attracting the insurance companies, for which we became a center. We have become a center for communication and air traffic. We are now trying to attract foreign industrial investments.

During the previous stages, we were not able to grant such facilities due to political conditions in the area, especially during the Iraq-Iran war. I would like to emphasize that we in Bahrain would like to be friends with everybody because we cannot afford to be anybody's enemy. We require the friendship of everybody on the basis of reciprocity.

We believe that we have two important advantages. We have regulations and laws that guide economic and the commercial activities. This is a very important issue for investors. At the same time, the well-trained Bahraini work force is available to deal with the investors, whether they are foreigners or Arabs. The overwhelming majority of the population are natives.

[Al-'Abidin] It is imperative to clarify an important issue. We are not trying to attract just any projects. The objective is to attract successful and useful projects to benefit the community and the investor. In the past, we refused many projects because they were useless. The new trend is to have a selection process for the proposed projects to ensure their success, because a failing project is not good for the reputation of the center. When the investors come, we provide them with a good study and good advice, and they are responsible for the rest.

Coming back to the issue of competition among the GCC countries, this is due to the duplication in projects. There should be a kind of coordination and cooperation to avoid duplication that would result in loss for everybody. There were some duplicate projects in some industries, such as cement, to the extent that the producers were forced to sell below cost. We netted a loss in projects in other Gulf countries. The foreign investor comes in and presents his project, giving the impression that it will be successful. He gets paid and then leaves, and the domestic capital suffers the loss. This happens if the economic study of the project was not a sound one.

[Ibrahim] Are the new incentives for full foreign ownership of projects restricted to industrial projects?

[Fakhru] No, there are some service projects, such as law firms, consulting firms, architecture firms, and accounting firms. The owner of the project and his staff are granted permanent residence with the ability to travel freely in the area.

[Ibrahim] Is there any contradiction between these new laws and procedures, on one hand, and the systems and agreements of the GCC regarding the industrial incentives and the company's laws?

[Fakhru] There is no contradiction whatsoever, because the products of projects fully owned by foreign investors will be subject to the usual tariff in the GCC countries. The products that are exempt from such tariffs will be from projects in which the domestic capital is at least 51 percent and which have an added value of 40 percent. These regulations are in accordance with the Gulf economic agreement and are within the framework of the Bahraini sovereignty.

[Ibrahim] There is talk that Bahrain is planning to make its stock exchange an international one. Such an action would allow foreigners to own shares. Would that be allowed?

[Al-'Abidin] Currently, citizens of GCC countries are allowed to own up to 25 percent of the shares of the

Bahraini companies. There are other studies to change the Bahraini stock market to an international one for the trade of international shares and also the shares of some of Bahraini companies.

I think that the most important aspect, to quote Mr. Fakhru, is to have no limits on the ownership of GCC companies by GCC citizens. This will lead to the establishment of a large stock market in the area that deals in quantities of shares, especially the shares of the Saudi companies. The stock market in Bahrain has been on the rise for the last six months due to its solid base and the good return on the companies. Some companies have had dividends of up to 30 percent.

[Ibrahim] When do you expect to change the stock market in Bahrain to an international one?

[Al-'Abidin] There are many studies in this field. The World Bank has supervised a recent study, and there are plans to continue them. We cannot give a fixed date. We have our goals, and we are trying to achieve them gradually. We prefer first to have the shares of the companies of the GCC countries available to all investors from the six countries.

[Ibrahim] There are questions about the future role of the offshore banking units in Bahrain that were established based on the idea of using the capital surplus in the area, but now there is not such a surplus. What effect would the restabilization of Lebanon have on the role of this center, especially because Lebanon was once a banking center for Arab capital?

[Al-'Abidin] The offshore banks were not only for the capital surplus. This was one aspect of its activities. They accept deposits and use them. They also attract foreign deposits to use in the area. During the Gulf war, there was some tension, and many Japanese banks withdrew from the market. But they returned after the war ended. We think that there is a great future for the offshore banks in Bahrain to play a major role in arranging the financing that will be needed in the Gulf for the development plans. As an example of the volume of the market in this field, the latest estimates indicate that about \$80 billion will be invested during the next five years to modernize the infrastructure for the oil industries in the area. This means that there is a big market for financing, and the banks will find great business opportunities in addition to their activities in the field of deposits and their traditional role in managing the capital in the area.

As for Lebanon, there is not any competition because the offshore banks did not exist before. This idea was first implemented in the area by Bahrain.

EGYPT

U.S. Motives in Somalia Questioned

93AF0257B Cairo AL-SHA'B in Arabic 8 Dec 92 p 3

[Text] The Arab League has died slowly, without anybody noticing. It did not have a funeral procession, even though it is very close to the funeral home.

The American decision, which was endorsed by the United Nations, to militarily interfere in Somalia has confirmed the end of the Arab League, which failed to solve a crisis of one of its member states in conditions that are not complicated or sensitive, such as those of the latest Gulf Crisis, which led to divisions in the Arab League in a way that justified its failure.

As for Somalia, the case is humanitarian in nature. It has been proved that the Arab League is incapable of staying alive, unfortunately while an Egyptian secretary general is at the helm and while the headquarters of the Arab League are in Egypt. Egypt, with its leadership role, shoulders the responsibility for this collapse.

It is not true that the American intervention is humanitarian. We have learned of the humanitarianism of the superpowers with regard to the Muslim people in Iraq, Palestine, Libya and Bosnia-Herzegovina. Please do not use this false propaganda again.

By talking in vague terms about the creation of a safe environment, the Security Council resolution gives the United States the green light, without specifying the time or the mission.

We know that our Somali brothers are responsible for the deterioration that led to this intervention, but this problem should have been solved within the Arab family or the Islamic family. We know full well that the Western powers were behind some of the domestic fights, and we know that they distributed the roles among themselves to support one Somali camp against the other and convince each camp that it would emerge victorious, just like they have done in many of the Arab and Islamic conflicts.

It is ironic that the Arabs, who assumed the role of spectators while the Somali people were killing each other, are called upon to finance the American intervention in Somalia. If we were going to be asked to finance the operation, why did we not do it ourselves?

The coming days will reveal the extent of American ambitions in Somalia. It will suffice to quote AL-HAYAH's Washington correspondent, who said: "The American officials are at a loss when asked questions such as: Will there be a pro-American government in Mogadishu, and will there be American bases in Somalia after the end of the UN-approved operation?"

Violence in Egypt's Political Islam Analyzed

93AF0267A Beirut AL-SHIRA' in Arabic 23 Nov 92
pp 46-50

[Article by 'Amr 'Abd-al-Hadi Nasif: "Violence Is Choice of Political Islam in Egypt"]

[Excerpts] Violence is regarded as one of the most important characteristics to attach itself to political Islamic groups, especially most Islamic organizations in Egypt and in some countries of the Arab world. Research into the activities of these groups often turns into a mere account of these groups' operations and the circumstances under which they were carried out. In many instances this research fails to show any objective interest in the background behind the violence that is practiced by most of these groups and the latent reasons behind it. [passage omitted]

The opinions of some scholars, particularly those of author Salah 'Isa, could have been taken into consideration. In articles he wrote for AL-WAFD newspaper, 'Isa suggested that the torture that was practiced in prisons during 'Abd-al-Nasir's era might be a principal driving force behind the violence of these political Islamic groups. [passage omitted]

Another factor that is causing young people to feel frustrated might be the economy. This sense of frustration is driving young people to carry out acts of violence through political or other organizations. [passage omitted]

The question that is being asked then is not just a question about the present standing of political Islam in Egypt, but it is also one about the ideological components and religious beliefs that drove proponents of political Islam to choose violence for themselves. The answer to this broad question [passage omitted] sets us on a quest during which we will review briefly the most important Islamic organizations. These organizations will be reviewed sequentially, and those that haven't chosen violence as their approach will be identified. [passage omitted]

Between 'Violence' and 'Sermons'

In his book *Al-Hal al-Islami Faridah wa Darurah* [The Islamic Solution: a Matter of Duty and Necessity], Dr. Yusuf al-Qardawi, one of the most important figures of political Islam, says, "Defenders of a violent approach and supporters of military action rely on the following justifications:

- "It is a matter of duty to take action, that is, to use physical force, to bring about change in conditions that are reprehensible. No one is exempt from this duty except those who are not able to take such action. Is there anything more reprehensible than governing according to precepts that are inconsistent with what God has decreed? Governing in such a manner is blasphemous, outrageous, and a sinful departure from the letter of the Koran.

- "The use of force provides the best guarantee that justice will be established. He who does not yield to the power of logic yields to the logic of power.
- "It is the duty of Muslims to strive to establish an Islamic government. In fact, striving to establish an Islamic government is a duty that takes precedence over striving to defend an existing Islamic government. It would be folly to use military power. [as published]
- "The prophet, may God bless him and grant him salvation, used force to defeat his enemies when he found that to be the only way.
- "The pronouncements of the prophet, may God bless him and grant him salvation, instruct us to disobey a ruler and to resist him if his actions are patently blasphemous.
- "Evil doers succeeded in their use of military force. They used military force to seize power so they can commit evil acts and spread their blasphemy and disobedience. Aren't the proponents of truth more entitled to the use of force to champion the truth?
- "Political freedom in our Arab and Islamic world is virtually nonexistent in most countries and almost nonexistent in others. So much so that a proper Islamic action or an assembly of Muslims has come to be regarded an action against the state or the regime. Consequently, it would be hopeless to use a peaceful struggle or a democratic approach to bring about an Islamic government. A military solution is the only solution we have left.
- "Our country is facing enemies from every side. The problems it is experiencing are problems that can only be settled by fire and brimstone.
- "The Islamic movement has a permanent need for a military force to protect it from the tyranny of rulers. Without it, it would be vulnerable to deadly strikes.
- "Military training, in and of itself, is a requirement for Muslims, especially those who are members of the Islamic Movement."

[passage omitted]

Al-Jihad Organization

The names of two men stand out in discussions about the inception of al-Jihad group. They are Salih 'Abdallah Sariyah, who led the group since its inception, and 'Abd-al-Salam Faraj, who succeeded Sariyah as the organization's leader. There is general agreement, however, that the inception of that organization came on the day of the incident at the Military Technical College. It happened at dawn on 18 April 1974 when a group of young men, led by Salih Sariyah, a Palestinian national who has a doctorate in Islamic Studies from Egypt, carried out an armed attack against the Technical Military College in Cairo. The aim of the group was to seize control of the college and to use its weapons, ammunition, and means of transportation for the purpose of seizing power. [passage omitted]

Salih al-Wardani observes in his book *Al-Harakah al-Islamiyah fi Misr* [The Islamic Movement in Egypt], that

"al-Jihad Group, a movement that started in 1974 and continued to exist until 1979, was concentrated in the country's northern governorates. At that time, the group had virtually no activity in the country's southern governorates, an area that, since the 1980's, became one of the most important hotbeds for political Islam in Egypt." [passage omitted]

Because al-Jihad Organization continues to carry out military operations, it would be difficult to list the variety of such operations that the organization did carry out, the most important and gravest of which was the assassination of Anwar al-Sadat on 6 October 1981. Members of the organization were also involved in deadly disturbances that they started immediately after the assassination operation was carried out. Most of these disturbances took place in the Governorate of Asyut.

The Significance of al-Sadat's Assassination

[passage omitted] The assassination of al-Sadat stands out as an operation with new characteristics whose significance may have not yet been uncovered. Most importantly:

- First, the assassination of al-Sadat established the fact that the group had penetrated many military agencies and institutions, most importantly, that of military intelligence.
- Second, although seizing power was the main goal of the operation, there are questions about why Anwar al-Sadat was singled out for assassination when none of the political and military leaders who were actually on the scene was targeted.
- Third, the roles were carefully distributed among the perpetrators of the operation. People with special qualifications were utilized, such as Sergeant Husayn 'Abbas Muhammad, a champion sharpshooter. He was the one who fired at al-Sadat from a distance, hitting him directly in the neck.
- Fourth, the operation was meticulously carried out, even though there were only 12 days between 25 September, the day when Khalid al-Islambuli and Muhammad 'Abd-al-Salam first conceived and articulated the idea, and 6 October 1981, the day the assassination of al-Sadat was carried out.
- Fifth, the popular sympathy with the perpetrators of al-Sadat's assassination was unprecedented. No Islamic military group before or since has received such popular sympathy.

The Islamic Group

Although there are numerous political Islamic organizations—between 20 and 46 such organizations, according to opinion and estimates—the Islamic Group holds a special place of distinction in their midst. That place of distinction has been especially manifest at the group's inception and then throughout most of the stages of its evolution. On the surface, the Islamic Group is a student organization. [passage omitted]

Circumstances of the Group's Inception

The Islamic Group was founded by students who, during the 1970's, stood on the threshold of a period of time that Egypt has almost forgotten about. This was 18 years after the revolution, a period during which selfishness, recklessness, idleness, and aimlessness assumed significant proportions. The onset of public crises and economic decline marked this period during which people had to use their connections to purchase soap, tea, cigarettes, or other necessities of life. Unemployed people who had earned degrees were lining up seeking work, and workers were emigrating from the country. Some of them managed to make tremendous fortunes in record periods of time. [passage omitted]

Among the facts that go unrecognized by some people is one that manifests itself in the significant confusion that exists between Islamic organizations and the general atmosphere of piety among Egyptians, who are pious by nature. Ultimately, this confusion serves the interest of these organizations. The fact that the number of bearded men and veiled women is growing in Egyptian society is not evidence that all of these people have been organized into political organizations. [passage omitted] These Islamic political organizations operate on the premise that all those who have an Islamic appearance are its members. They deal with all matters from that premise, even though they are convinced that this is not true. And yet, the heavy-handed approach that security agencies unwittingly and unjustifiably employ with Islamic groups in general gives the Islamic Group a better opportunity to strike this sensitive chord repeatedly and skillfully. [passage omitted]

In the book *Al-Harakah al-Islamiyah fi Misr* [The Islamic Movement in Egypt], Salih al-Wardani says, "The activities of Islamic groups in the universities of Upper Egypt were not limited to opposition to social gatherings during which male and female students danced, sang, and played music together or became engaged in activities that contradicted Islamic precepts. The activities of these groups went beyond the limits of such opposition when members of these groups started clashing with Christian students and then with Christians in general. The Islamic Group published several leaflets attacking the Egyptian church and accusing Christians of conspiring against the Muslims of Egypt."

The Group's Tendency

Al-Wardani divides the Islamic Group into two main tendencies. The first follows a course that is consistent with the position of the Muslim Brothers regarding their attitude toward violence and their tendency not to repudiate society and government as nonbelievers. The second tendency is that of the Islamic al-Jihad Group, which does not repudiate society but does use violence. Al-Jihad finds that the government's adherence to Islam is less than steady. [passage omitted] This does not mean, however, that coordination between these two main tendencies is nonexistent. The coordination and

collaboration involving these two organizations in preparation for the assassination of Anwar al-Sadat were the most important stances assumed by the two organizations. Needless to say, it was Dr. 'Umar 'Abd-al-Rahman, commander of the group, who came out with the well-known independent opinion that repudiated Anwar al-Sadat and declared that he had to be killed. Despite the radical approach that is followed by the Islamic Group organization and despite that group's hostility to the government and its stance against Zionism and the United States, there is more than one question waiting for a convincing answer. The most important one has to do with the story of 'Umar 'Abd-al-Rahman's flight from Egypt to Sudan. Although he was under house arrest and strict surveillance, 'Umar 'Abd-al-Rahman left the country without a passport and went to Sudan. From there he went to the United States, which he entered without a visa and without a passport. 'Umar 'Abd-al-Rahman is living now in the United States without a residence permit. [passage omitted]

The Ideological Bases of the Political Islam Tendency

We would have to touch upon two monographs to study the motives behind the violence of the tendency of political Islam. The first one deals with *Al-Faridah al-Gha'ibah* [The Hidden Religious Duty], and the second one deals with *Al-'Uqubah fi al-Islam* [Punishment in Islam].

Muhammad 'Abd-al-Salam Faraj did not invent the question of a hidden religious duty, but the book he wrote on that subject became one of the most important references for the tendency of political Islam, particularly, al-Jihad Organization and al-Jihad Islamic Group. [passage omitted]

The book affirms that force is the only way that Islam can be restored. It affirms that an Islamic state, which would govern in accordance with what God decreed, has to be established. It also affirms that establishing such a state is not impossible. [passage omitted]

The book *Al-Faridah al-Gha'ibah* sets forth a protocol for rebellion whose salient points may be listed in five positions regarded by the book as requisite.

- First, societies and organizations that profess to be Islamic are to be boycotted because they take their instructions from the government.
- Second, the notion of democracy and approaches to reform that manifest themselves in an effort to gain government positions for the purpose of bringing about reform are to be rejected.
- Third, the notion of renouncing society, becoming totally preoccupied with the quest for knowledge, and forgetting about the struggle for the cause of God is to be rejected.
- Fourth, the principle of using wisdom and sound advice when appealing to people is to be rejected.
- Fifth, the principle of giving [the duty of] fighting rulers priority over that of fighting colonialism is to be established because the rulers are the reason why colonialism exists. They are the "enemy at home." [passage omitted]

The Idea of Repudiation in Egypt

[passage omitted] The idea of repudiating a Muslim came into being in Egypt out of a desire for revenge. Followers and supporters of Sayyid Qutb repudiated Jamal 'Abd-al-Nasir as a nonbeliever because Sayyid Qutb was executed during 'Abd-al-Nasir's term as president. Then some key figures of the Muslim Brotherhood went so far as to repudiate all governments that resorted to arresting and torturing members of Islamic groups. [passage omitted] Then they extended that repudiation to include all governments that did not govern in accordance with the canonical laws of Islam. [passage omitted]

Unbiased Islamic scholars agree that repudiating another Muslim is a matter of extreme sensitivity because it is one whose course is not always possible to follow in all cases. [passage omitted]

These Islamic groups decided to settle the question [of repudiating Muslims] once and for all by using force. Once a decision is made, there would be no discussion, and no review would be permitted even though serving the [general] interest is the basis for punishment in Islam. The idea of punishment came into being to maintain those interests that are recognized by Islam. The determination of those interests was not left to people's whims. In fact, Islamic clerics tapped the sources of the canonical law of Islam and determined that Islam favored the preservation and protection of five interests: those that would preserve religion and those that would preserve the self, the mind, one's offspring, and one's property. Islamic clerics also determined that worldly punishment was instituted to protect these interests. [passage omitted]

Revolutionary Violence or Terrorism?

Before a question about classifying the violence of some Islamic groups can be answered, an investigation into these groups' goals would have to be conducted because determining those goals is one of the most important approaches to finding out whether these Islamic groups are terrorist groups or freedom fighters. [passage omitted]

The foregoing makes it clear that attaining power is definitely the goal of Islamic groups. [passage omitted]

Proponents of political Islam see the government with all its key figures and institutions as their targets. To them, the targets are also nonbelievers, apostates, those who are reluctant to strive for the cause of God, and Christians in general, without exception. All of those people are classified as the "enemy at home," and fighting that enemy takes precedence over fighting another enemy.

The "enemy abroad" includes colonialism and the arrogant powers worldwide. In his book *Saykulujiyah al-Irhab al-Siyasi* [The Psychology of Political Terrorism],

Dr. Khalil Fadil says: "Some may wonder when does a person stop being a freedom fighter and when does he become a terrorist? When does he stray from the goal?" Fadil answers that question by saying: "The terrorist is someone who is a newcomer to the cause. A striving activist, however, is a person for whom the cause is an integral part of his being." [passage omitted]

Accordingly, violence among groups that espouse political Islam is an approach taken voluntarily by these groups on the basis of their ideological beliefs. This approach is one that cannot be considered reactive at all, nor can it be considered one that they were compelled or coerced into taking. [passage omitted]

The conflict in Dayrut, a city in the Governorate of Asyut, was confined to a struggle between the Islamic Group Organization and security forces. Because the people of Upper Egypt are by nature inclined to hold on to the idea of vengeance and revenge, the conflict between the two sides shifted. Security agencies lined up on one side, and members of the Islamic group, supported by some families who had lost some of their members to actions taken by security forces, lined up on the other side. The majority, however, took up their position of passively rejecting both sides. They were grudgingly paying blood money to commanders of the group, and they were also doing what security forces had instructed them to do: They were observing a curfew and, even more grudgingly, turning over weapons.

The Islamic group recognized some time ago that it had fallen into this pitfall. That is why it is trying to open new doors to the conflict to prove to the public that it is engaged in a radical struggle against all those who oppose it and not only against one specific institution. That is why the group placed emphasis on assassinations, attempted assassinations, and plans to assassinate few politicians, journalists, writers, and artists. The group also opened a front against tourists in the governorates of Upper Egypt, and it used force in reopening the case against Christians, as we have seen recently in the incident at Dayr Muwas in the Governorate of al-Minya when the group carried out an attack against a bus carrying Christians on their way to visit a historic church.

Can the Islamic tendency stand firm against all of these fronts? Will it surprise everybody by doing something no one had anticipated? Although theoretical studies project failure for this tendency, it is not easy to answer such a question.

Border Infiltration Measures Adopted

93AF0257D London AL-SHARQ AL-AWSAT in Arabic
23 Nov p 1

[Article from Cairo: "Severe Measures To Stop Infiltration, Attacks"]

[Text] In a series of measures to control the infiltration of extremist elements, Egypt has banned Sudanese individuals from entering the country without a visa and

without the Egyptian authorities knowing the reason for their visit. It also tightened the customs and immigration measures at all points of entry between the two countries. In addition, it is known that Egypt may impose some restrictions on its citizens seeking to travel to countries accused of supporting extremism and terrorism.

These tight security measures coincided with Egyptian Interior Minister Muhammad 'Abd-al-Halim Musa's accusation that Sudan is training Egyptian extremists and sending them back to Egypt to commit terrorist acts.

A security official at the High Dam port said that measures are being taken to inspect everyone who comes through the port, whether they are Egyptian or Sudanese, especially those who look suspicious. The port has also received the latest technological systems that are capable of identifying contraband.

Egypt has initiated extensive diplomatic contacts with a number of foreign countries to monitor the activities of some extremists who are rumored to have fled there. In addition, the Egyptian Government intends to restrict the travel of Egyptians to countries known to export terrorists.

The security authorities started to tighten their control over the sale of firearms to monitor any contact with extremists, and the opposition al-Ahrar Party has attempted a mass resignation of its members due to accusations of harboring and encouraging terrorists.

Egyptian sources said that there is complete cooperation with all of the international security organizations that are assisting Egypt in identifying these elements. This cooperation facilitates the mission of identifying these groups and aborting their schemes against Egypt.

The authorities affirmed that tight measures are being taken to screen passengers flying to Egypt from countries that have contacts with terrorists.

AL-SHARQ AL-AWSAT learned that tight security and government restrictions will be imposed on the travel of Egyptians to any countries that are currently involved in civil wars or that have been proved to be a country that exports terrorism to neighboring countries.

Government Seeks MB Control Through Union Law

93AF0257C London AL-SHARQ AL-AWSAT in Arabic
9 Dec 92 p 4

[Article from Cairo: "In the Face of Strong Opposition for the Journalists Union, Egyptian Government Seeks To Amend Union Law To End Control of MB"]

[Text] The Egyptians started to hint that they will regain control of the unions that came under the control of the banned Muslim Brotherhood. In its attempt, the government will depend on legislation to regain control of the

unions and get rid of the Egyptian Journalists Union, which is a Muslim Brotherhood stronghold.

According to a legislative committee source, a team of legal experts and members of the legislative committee are preparing a draft bill to regulate the unions and to ensure the majority would control the unions, and not the organized minority, as in the case of the doctors' and engineers' unions and the bar association.

The new law, which is expected to be discussed in the People's Assembly within a month, stresses two essential articles. The first stipulates that participation in union elections should not be less than 51 percent of the registered members and that the regulations for elections in all unions should be unified.

The journalists' association, which is preparing to elect half of its board next March, has refused to apply the proposed law, claiming that journalists are governed by the law of journalism and the regulations of their association.

Arrangements for this law, which is sponsored by Kamal al-Shazli, secretary of the governing National Democratic Party [NDP] and the leader of its parliamentary bloc in the People's Assembly, were made after the Muslim Brotherhood won the majority of the doctors' union council for the third consecutive time in an election in which two pro-government candidates were running for union chairman. The two candidates were Dr. Hamdi al-Sayyid and Dr. Ibrahim Badran. Al-Sayyid won after a political debacle, during which the NDP was unable to control its candidates and direct the campaign in a good manner.

Despite the setback, the law did not gain momentum, and in one month the Muslim Brotherhood managed to direct another blow by winning the bar association, which had always eluded their control. The draft law appeared once again because one of the candidates who lost in the elections is an important NDP official.

Efforts are being focused on passing this bill and killing two birds with one stone. The first is to declare that the reason for their loss is law that regulates the unions, which has not been amended for a long time. The second is to direct a blow to the Muslim Brotherhood, which kicked the NDP out of the stronghold from which they have been practicing political action for a long time.

The government and the NDP have other objectives they want to achieve with this bill. On one hand, the government does not want the unions to become semi-official parties for illegitimate movements. On the other hand, it does not want to reexperience these unions' attempts to pull the rug from under its feet, as was the case on 12 October with what the medical and engineers' associations tried to do after the earthquake. The new law will include articles that will allow the government to put an end to the Muslim Brotherhood's control. A legislation committee source said that the proposed law will include an article that guarantees immediate enforcement of its

article to dissolve the boards of the unions and appoint interim boards to prepare for new elections on the basis of majority rule.

One of the losers in the bar association elections said: "Our lives should not be managed by an organized minority. It is inconceivable that 5,000 people can control an association that has more than 100,000 members. It is inconceivable that the law requires the attendance of 300 members to convene a general assembly while there are unions with memberships close to a million."

This statement refers to the problems found in the current law, which was issued during the 1960's and allowed the unions to engage in political action, call for socialism, and establish contacts abroad. It is worth mentioning that the unions that fell under the control of the Muslim Brotherhood were the back door through which different cadres traveled to hot spots in the world to conduct contacts with similar organizations or to undertake military training, as was the case in Afghanistan.

The government has already taken several measures against the unions, even before enacting the new law. It prevented them from raising funds for the victims of the earthquake and called for discussing the financial situation of the engineers' association, according to a report from the People's Assembly's central accounting office. It also placed the doctors' union fund under state control, but the doctors' union has filed a motion to protest the military governor's decision. At the same time, the Muslim Brotherhood is getting ready to challenge the constitutionality of the new law if it is enacted. The government is doing its best to avoid this challenge by carefully choosing the wording of the legislation.

Officials Comment on Terrorist Threat

93AF0279A London AL-HAWADITH in Arabic
11 Dec 92 p 36

[Article: "Egyptian Security Authorities Seize Sources of Financing and Armament; Officials Talk, Defendants Confess, and Tourists Feel Reassured"]

[Text] Cairo—AL-HAWADITH Bureau—The "terrorism and tourism" issue continues to be the Egyptian Government's primary concern, especially since the government has exposed external dimensions and foreign circles involved in the attempt to strike Egypt's economy, tourism, and stability. Through interrogations and confessions made by defendants involved in the court cases stemming from the attack on a tourist bus, it has become evident that Iran and the Sudanese regime are behind this scheme.

This is why popular forces, circles, parties, associations, and unions have supported the government in the confrontation against the [Islamic] groups. One of these associations is the German Friendship Association. A private German association organized a symposium on

"safe tourism," and it seems that the symposium was aimed at Germans, who, after the Arabs, constitute the largest number of foreign tourists visiting Egypt. The significance of this symposium is that it involved a number of distinguished Egyptian ministers, including Interior Minister Major General Muhammad 'Abd-al-Halim Musa, Tourism Minister Fu'ad Sultan, the local government minister, the secretary general of the ruling National Party, and numerous party figures. The symposium was also significant because it revealed a vast amount of information on serious dimensions of the terrorism issue in Egypt.

Interior Minister Muhammad 'Abd-al-Halim Musa said: "I do not want to belittle or exaggerate what is happening in Egypt, which is tantamount to ugly acts, by all criteria. However, their consequence is no more than a few slight injuries and a single fatality, namely the British tourist. We wish these acts were not committed against the guests of Egypt, which has been known as an oasis of security and safety. These acts are alien to our society, traditions, and ethics." The interior minister also revealed that the confessions made by the perpetrators during interrogations conducted with them by prosecutors or by the police indicate that their objective is to embarrass the government with such acts. Some of them have justified their acts by saying that tourism and what tourists do violate the shari'ah and religion, even though Muslim and Christian clergymen have said that there is nothing taboo about tourism and that there is no crime in tourism or in the actions of visiting tourists.

The interior minister added: "As a professional, I say that it is easy to ensure tourists' safety. Two months ago, we had the biggest international tourism conference—ASTA [American Society of Travel Agents]. Thanks be to God, that conference achieved unexpected success. It is very easy to take steps to secure tourists. But the difficult equation we face is that the tourist wants to enjoy his time and to spend his vacation in a country he has chosen after an exhausting search. Is it sensible to make the tourist feel that he is in a camp and surrounded by guards? I agree with the tourism minister that all manifestations of tension should be eliminated and that all security men of all kinds should be kept away from tourist sites." Musa said: "I do not wish to compare what is happening in Egypt with what is happening in the advanced countries. The terrorism phenomenon exists at all levels in all countries. However, we do not condone it or wish it."

Tourism Minister Fu'ad Sultan pointed out that it is necessary to keep the incidents within their true dimensions. There have been nine incidents, six of which resulted in no casualties or victims and three of which have claimed one life and caused 13 injuries. As of the end of October, 3 million tourists visited Egypt. If we compare the number of incidents with the number of tourists, they seem meager. Egypt is at the bottom of the list as far as terrorism in the world is concerned. This is confirmed by the United Nations and Interpol. But the incidents have assumed great dimensions inside Egypt.

The most significant tourist attraction in Egypt is the hospitable Egyptian people. We must note that the recent incidents reflect individual acts and that they occurred in remote areas. Fu'ad Sultan also noted that when it became known during the Gulf crisis that war was not likely in the region until 6 January [as published], "tourists came streaming to us." The tourism minister said that those who perpetrated these acts are criminals, not radicals, and that they have tried to strike the means that produce surpluses for the economy because the benefit of tourism is not just in its direct yield to the tourist sector, but in its impact that extends to all sectors. Revenues from tourism have amounted to 4 billion pounds. The minister also said that investment in tourism is growing now that hotel capacity has increased threefold.

Fu'ad Sultan has expressed his opinion on the latest incidents, saying that "there is a scenario and a scheme that are being implemented in phases. They began by trying to create a split between Christians and Muslims in Upper Egypt. When this failed, they started to strike tourism, which contributes 10 percent of the national income and 30 percent of the Egyptian balance of payments. They are like the investment groups that plundered 7 billion Egyptian pounds. I was behind the detention of three members of those groups in al-Qanatir jail in 1980 when I was a bank manager. Now, these people are allying themselves with the advocates of some tendencies that have achieved no success through democracy."

Dr. Mahmud al-Sharif, the local government minister, agrees with this projection, adding that the scheme is founded on what he calls "criticism." Those involved seek to gain government control and aim in this phase to create loud "explosive" noises that can be heard. They began with sectarian sedition, and there has been widespread talk about cantons in Egypt and about dividing Egypt into two states. But the plot has failed. They cannot succeed in partitioning Egypt, which has remained united for 7,000 years. So they turned to attacks on policemen to intimidate them, but they also failed here. Finally, they resorted to making explosive noises in tourism, beginning with threatening letters to tourists. This bore no fruit, and so attacks on tourists followed.

Al-Sharif reproached the foreign press for its extensive reporting on terrorist issues.

All of the participants in the symposium agreed that there are two confrontation levels. This has also been confirmed by Dr. Baha'al-Din Ibrahim, the assistant minister of interior, who has said that at the security level, the cure is swift and immediate and that it has begun and will continue. At the social level, the cure is in development activities, but he added, "we cannot wait until the development process bears fruit." Ibrahim said that there is evidence of foreign financing coming from Iran, Afghanistan, and Sudan and that this evidence includes confessions by the defendants themselves. He

asserted that Egyptian security agencies know how to control and secure the borders and revealed that the Egyptian Armed Forces have seized numerous arms shipments coming from Sudan.

Al-Sharif, the local government minister, noted that Egypt's security is the responsibility of the Egyptian Government, which is capable of protecting this security, adding that "even though we are aware of Iran's support for the terrorists, we can confront this support, eager as we are not to embark on a confrontation with Iran and to keep the Middle East a peaceful region." Al-Sharif said that Iran's intervention in the domestic affairs of Egypt and the Gulf states is the reason for the crisis. A Consultative Assembly member representing Aswan Governorate asked why the price of an automatic rifle has dropped from 4,000 pounds to 1,500 pounds and wondered "where do young people get them, keeping in mind that by virtue of their social circumstances, they are unable to purchase them? They must be receiving financing." Tourism Minister Fu'ad Sultan clarified the matter even further, saying, "isn't there a direct link between the debate in an Egyptian opposition paper on whether tourism is prohibited or not and the start of terrorist activities in Egypt? The issue requires a true confrontation."

After rejecting what he called "political weapons," Dr. Rif'at al-Sa'id noted an important issue, namely that terrorist groups resort to the policy of hostage-taking. When the government tightens its security grip on these groups, they resort to attacking churches, and when the government tightens its control on the foreign financing sources, they turn into "thieves" and rob gold jewelry shops. Rif'at al-Sa'id, secretary general of the [National Progressive Unionist] Grouping party, which represents the left, criticized the foreign media, saying that they provide special protection to [coverage of] terrorism and exaggerate the role of terrorist groups. He called for dialogue between the government and the opposition parties on developing education and information and other issues as a means to confront terrorism. Al-Sa'id also criticized some mosque preachers who, despite the incidents, continue to proscribe tourism and attacking Christians.

In response to al-Sa'id, Dr. Muhammad Sayyid Tantawi, the mufti of Egypt, noted that there are more than 50,000 mosques in Egypt and that their preachers, like all other people, include the good and the bad. His eminence expressed the legal opinion that tourism is permissible, citing the prophet's hadith, may God's peace and prayers be upon the prophet: "Man is God's creation and accursed is he who destroys God's creation." The mufti noted that the hadith says "man," not Muslim man specifically. The mufti also said that Islam promotes travel and that it is the religion of tolerance. If a tourist errs, he may not be attacked, but should be advised politely.

Fu'ad Sultan criticized those who call for imposing a blackout on developments in Egypt and said: "We have

moved promptly in the direction of the countries that export tourists to Egypt to contain the consequences of what has happened. For years, tourism ranked fourth in producing national income. Today, it ranks first." Sultan cited some figures on Egyptian tourism, saying that 94 percent has come from Japan, 98 percent from Italy, and 6 percent from France and that the minimum increase from Europe has been 50 percent.

Industry Minister Encourages Applied Sciences

93AF0283A London AL-HAYAH in Arabic 26 Nov 92
p 10

[Interview with Minister of Industry Muhammad 'Abd-al-Wahhab by Mu'min Ahmad in Cairo; date not given: "Financial Incentives for Factories Interested in Applied Development Research"]

[Text] Egyptian Minister of Industry Muhammad 'Abd-al-Wahhab emphasized that a wide gap exists between industry and scientific research in the Arab countries, which leads to many distortions in the production process.

The minister said in an interview with AL-HAYAH that he has decided to extend financial incentives to factories that engage in applied scientific research in order to enhance their products. The purpose is to induce factories to budget for research and development, especially because the world has gotten smaller and competition has intensified between domestic and foreign enterprises. He said that there is a future in Egypt for various industries, particularly engineering, as well as the capital equipment industries. Egypt has made great strides in this area with the help of the state, which considers it a means for national sovereignty in the field of industrialization. The following is the text of the interview.

[Ahmad] How do you currently perceive Arab industry?

[Abd-al-Wahhab] There is no doubt that Arab industry has made great progress lately and that governments have recognized the importance of national industries and of the role that they play in achieving national sovereignty. Arab industry in general, however, has a way yet to go before it becomes internationally competitive, which can be accomplished only by focusing on two goals that are the essence of competition and market share—improving quality and reducing costs.

[Ahmad] A gap exists between industry and scientific research in the Arab countries, including Egypt. How do you view this problem?

[Abd-al-Wahhab] Yes, great minds research, conceptualize, and analyze. On the other hand, we have a huge productive base—I am speaking of Egypt as an example—but the two do not communicate, such as through the applied aspects of technological and developmental research. This is why I see distortions here, since our operations depend on the intellect of others. This condition should not continue much longer. We need to delve

more boldly into the fields of innovative technology and self-development, and we must create demand for that technology.

[Ahmad] What plans do you have to induce development and applied scientific research by Egyptian factories?

[Abd-al-Wahhab] A current priority is the cultural reformation of Egyptian industry to employ new management techniques that depend on competent performance—not simply on the direct level of production, but also on proper performance during all stages of operation. This is the same principle, called “total quality management,” applied in advanced industrialized countries. I am also currently researching a system of material incentives for factories that engage in applied scientific research to enhance their products and production systems. Product development and diversity has become a matter of life and death for factories because they are imperative for their continued market presence. Development research should always focus on the two elements of market preference—high quality and cheaper price.

[Ahmad] Egypt suffers high rates of unemployment. Can the objective of employing more workers be reconciled with modern technology, which is information- and capital-intensive?

[Abd-al-Wahhab] The answer is a very careful yes. This is what we are doing and are keen on continuing to do. Capital-intensive technologies are not necessarily labor-exclusive. On the contrary, most modern capital intensive projects that have been implemented recently in Egypt prove my point. The aluminum industry, for instance, is capital-intensive, but it breeds many support industries that produce its requirements and feed on the raw materials it generates. Capital-intensive projects may not necessarily be labor-intensive, but they frequently lead directly to the establishment of feeder or complementary factories for some aspect of their operations or another.

In general, we must not focus on one item to the exclusion of another. The placement of workers should not turn us away from modern technology or cause us to sacrifice quality no matter that the price.

[Ahmad] Future focus should be on which industries?

[Abd-al-Wahhab] All industries should receive our attention. But if you mean what type of industry still has a great future in Egypt, then I would say the engineering industries, which are plentiful. We still need more factories in the electronics, automotive, and similar industries. We encourage foreign participation in those sectors and always welcome foreign investors, in general, and Arab investors, in particular. Many engineering industries have bloomed lately, such as those that manufacture passenger cars, refrigerators, washing machines, and ranges. Egyptian factories even produce products that could be classified as their own inventions. This is a

matter of pride for us all and is attributed to the support and privileges extended to local industrialization ratios in terms of facilities, customs exemptions, etc. This is a good example of how objectives are achieved through policies rather than through direct orders and regulations.

[Ahmad] What is the current status of the capital equipment industry?

[Abd-al-Wahhab] I claim, even assert, that we have accomplished a lot in that respect. That industry is now active and has a presence in Egypt and its accomplishments have encouraged many people to enter the field. I personally monitor all developments in that industry. We have also arranged several meetings and discussions between the ministries and agencies that employ capital equipment or need spare parts for them and domestic factories and companies that produce capital equipment or have the ability to manufacture them. The result of these discussions is that the users identified their needs and the factories are now producing equipment to world standards. We now have enterprises that can produce complete factories with a local content that is beyond our dreams.

[Ahmad] You briefly mentioned support industries and small businesses that are mostly labor-intensive. What are you doing for them?

[Abd-al-Wahhab] We offer them technical advice, primarily. We also provide small investors with feasibility studies in all field, and we train the workers they need. We also help them obtain project financing from specialized banks. Furthermore, we establish industrial complexes. We completed such a complex in 10th of Ramadan City and are constructing two more at the new communities of al-Sadat and Burj-al-'Arab. These complexes are then deeded over to small investors, each in accordance with his needs. We are currently studying the feasibility of purchasing the equipment [that small businessmen need] and recouping their cost on the installment plan. At present, we simply hand over the improved complex with utilities.

[Ahmad] The air-conditioning and cooling industry has a problem because Freon-11 and Freon-12 are no longer being produced. How are you dealing with that?

[Abd-al-Wahhab] We have a permanent representative to the International Environmental Agency in Montreal. Our position is clear that we are protective of the safety and purity of the environment. It would not make sense, however, for the people of Egypt to discard some 10 million household refrigerators because of a problem whose effects they may not currently feel. We are therefore studying a plan whereby the refrigerators stay where they are until they are repaired or serviced. At that time, the Freon would be captured and not released in the atmosphere to harm the ozone layer. The captured Freon would then be treated and reshipped.

Five facilities that openly use Freon have been allocated \$4 million in order to modify their operations and protect the environment and the ozone layer. This amount is to be considered a first installment, because what we need to protect the environment is too much for us to afford alone. For instance, we need \$10 billion to deal with cement air pollutants. Experts want to scrap existing cement factories in favor of high-thermal facilities, but it is not logical to bear such an expense when a similar sum is needed to place university graduates.

[Ahmad] What is your position on the aerosol industry, which poses the greatest threat to the ozone layer?

[Abd-al-Wahhab] We no longer have aerosol factories that use Freon. That problem has been completely resolved.

[Ahmad] You recently attended an international conference for ministers of the environment. Would you elaborate on its findings and on Egypt's proposals?

[Abd-al-Wahhab] The conference was organized in the French capital by the United Nations and was attended by ministers of the environment from a number of advanced and developed countries, as well as by one minister of industry, which was me. We discussed the potential for embarking on an age of clean industry and for utilizing nonpolluting industries rather than dealing with the effects of industrial pollution. My viewpoint, as presented in Egypt's working paper, has been that our priorities as developing nations differ from those of the advanced countries. I called for dividing the world, to the extent possible, into various environmental regions. The countries in each region would then agree on specific environmental standards to which all of them would commit. The second point made in the working paper is that we, as developing nations, are essentially copiers, rather than innovators, of technology. The countries that provide technology must bear moral and financial responsibility to correct that situation and to help fund environmental protection efforts.

We also reached agreement with those nations to maintain a working group that would study our cement and paper industrial pollution problems. They claim that we are polluting the sea with the paper industry's waste products, which they call "black liquor." I informed them that we have conducted diligent studies on how to end that pollution but that we lack the funds to implement the solutions advanced. The organization resolved to create two agencies, or two funds, to provide us with the technical assistance we need for environmental protection.

Experts Discuss Building Code Violations

93AF0211A Cairo AL-WAFD in Arabic 22 Oct 92 p 4

[Article: "The Towers of Death Challenging the Law; 1,500 Towers Exceeding Allowed Height in Cairo and al-Jizah Alone"]

[Text] The collapse of Heliopolis Tower took the lives of 72 people and blew the issue of building code violations and buildings that exceed the allowed height wide open. Housing in Egypt has become a chaos governed only by special interests, while corruption spread in the districts and their councils.

Only the numbers can represent the size of the problem and the disaster. In Cairo alone, there are 36,000 cases of building code violation annually. In the two Governorates of Cairo and al-Jizah, there are 1,500 buildings that exceed the legally allowed height. As usual, the officials exchanged accusations after the crisis. They cleared themselves of the blame and accused others.

Housing experts assert that the primary reason for this crisis was the law itself, which allowed for conciliation after the violation occurred. This was the dangerous opening that allowed the problem to spread. The slogan of "violate and pay the fine" became the norm.

The housing and district officials are blaming the executive departments that did not enforce the courts' rulings of demolishing the floors that violate the height limits. On the other hand, the executive departments accuse the housing engineers and the district officials of turning a blind eye to these violations when began and allowing the building to exceed the permitted heights in defiance of the law. This made it difficult to demolish them.

As is the case in Egypt after every crisis, we do not know who is responsible. They all exchanged accusations and cleared themselves. Regardless of who is responsible, the facts that this calamity revealed prove beyond any doubt the negligence of the district council chairmen and the governorate officials. This negligence grows bigger and bigger until it becomes difficult to deal with and its dangers become more devastating. What is the government going to do about the offending floors in the high rises? Will they be demolished, or will they be left for another earthquake to destroy them and increase the volume of the crisis?

What is to become of the victims who live in these high rises? Would the government throw them in the streets after they have paid thousands of pounds for these apartments? First of all, who will hold those who turned a blind eye to the violations accountable?

Whatever the reasons might be. The quake that shook Egypt two weeks ago is not to blame for the death of these people. The accused are those who allowed the buildings to continue violate the code in return for ill-gotten money.

AL-WAFD interviewed many housing experts and specialists to discuss this issue and to learn the extent of the future effects of the quake on these buildings. What would happen if there was another quake?

Engineer Muhammad 'Abd-al-Karim Salim, director of the Follow-up Department for Technical Affairs and Permits and also the rapporteur of the Reconciliation

and Luxury Buildings Committees in Cairo Governorate, said that the regulations of the 1982 Urban Planning Law No. 3 stipulate that no residential building should be higher than 30 meters or 10 floors. There are more than 1,000 buildings in Cairo alone that violate this rule. The highest percentage of violations are in al-Ma'adi, Nasr City, and al-Zamalak.

[AL-WAFD] According to the experts in the field of housing, what is meant by a housing tower, and how many floors constitute a tower?

[Salim] A tower is any building that exceeds the legal height, which is 30 meters or 10 floors. Exceeding this height is a violation. Even the hotels that overlook the Nile are in violation of the law because they exceed this limit. I regret to say that this is a violation of the law. Personal interest is the only motive, and there is no regard for the public interest.

[AL-WAFD] How did that happen under the noses of all the officials?

[Salim] The problem lies in the law itself. Article 81 of the regulations for Law No. 60/1982 stipulates the following: "The following items apply to cities and villages for which the general and detailed planning has not been approved:

- The total height of any building erected overlooking a road whether public or private should not exceed 1.25 times the total width of the road or 30 meters, whichever is less.
- Item 3 of the same article states: "The relevant local council may issue a decree limiting buildings to one of three heights: one in which the total height of any building does not exceed 1.25 times the width of the road, the width of the road, or three-fourths of the width of the road, provided that in all cases that height does not exceed 30 meters or 10 floors.
- Item 4 of the same article states: "The local council may issue a decree permitting buildings to exceed the maximum height of 30 meters in specified areas in the city."

The director of the building permit department in Cairo Governorate added that this law indicates that there are some loopholes that allow for exceeding the height limits. It is very strange to find 15-floor towers overlooking 12-meter-wide roads.

[AL-WAFD] Who is responsible for these violations and the nonenforcement of the demolition of the floors in violation?

[Salim] It is a shared responsibility. We have a law that is full of loopholes, district housing engineers who are not keen to file reports for the suspension and demolition for the floors in violation, and hundreds of cases that have not been decided for years. The tenants are also responsible. They should be aware of the law. Anyone wishing to live in one of these high rises should go to the district and ask whether the tower in question

has the required permit for the number of floors. If the high rise is in violation, he should refuse to buy or lease the apartment.

36,000 Cases

A senior official in the city attorney's office responsible for investigating the building code violations in Cairo Governorate, affirmed that there is a huge number of building code violation cases investigated by his office. They are as many as 36,000 cases annually in Cairo Governorate, alone. These violations include deviation from the specifications, deviation from the plans, building without a permit, height violations, modifications without a permit, and resumption of building in spite of suspension orders. Most of the high rises in violation are in the districts of Ma'adi, Nasr City, and Zamalak, as well as those overlooking the Nile. These violations are the responsibility of the engineering departments in the districts.

The official added that it is regrettable that there are some individuals who consider themselves above the law and who take advantage of the loopholes in the current building code and manage to get their way. It is imperative to reconsider the wording of the building code and also all the codes that give authority to the engineering departments. It is also imperative to speed up processing building code violations, because they stay in court for years. It gets very difficult to demolish the floors in violation after tenants have moved in.

The official added that there are many laws for reconciliation, which is the main reason for the housing crisis. One of these laws is Law No. 30/1983, which was amended by Law No. 54/1984, which was amended by Law No. 99/1986. The latter law stipulates that any person in violation of the provisions of Law No. 106/1976 regarding the steering and organization of construction and the rules and regulations for enforcing that law may submit a petition to the concerned department by 7 June 1987 to have action taken or being taken against him suspended.

There is a committee made up of officials from Cairo Governorate and the district engineering department that considers if the violation threatens lives or properties. If so, no reconciliation is granted, and demolition orders are given. If there is no danger, reconciliation is granted, and fines are paid. There are many cases of corruption on the part of the committee. Proof of this corruption can be found in the fact that no demolition orders were executed for code violations despite the danger that these buildings pose to their tenants. There are flagrant violations right under the officials' noses.

This is what happened to the inhabitants of the tower in Heliopolis. The building had seven floors in violation of the code. A decision was made few years ago to demolish the floors in violation, but it was never enforced. The building collapsed, and 72 people died as a result of the negligence.

Supervising the Building Process

Wafiq Mukawi, former municipal court chief justice, revealed to us more dimensions of this dangerous situation that still affects the lives of thousands of people. He said that every building should guarantee the safety of its tenants. These guarantees are part of the construction process, based on sound blueprints and abiding by the height restrictions and certain security requirements for civil defense and fire safety.

These aspects could be the source of many schemes on the part of some dishonest officials in the government offices or in other departments who do not think twice of constructing buildings in violation of the building codes in return for ill-gotten money.

The first line of defense against these violations is the district council and the engineering department in the municipality. Officials in the council should observe construction and make sure that the buildings conform to the issued permits. In case of any violations, the engineer in charge should write a report to be given to the Public Works Police, which then submits it to the district attorney's office, and, subsequently, to the court system.

Mukawi added that there are many loopholes in the system that start right from the stage of writing the report. The reports are written in a haphazard way and then submitted to the Public Works Police. He stressed the need for the report to be submitted directly to the district attorney's office along with the charges, as stipulated in the criminal procedure code. What happens is that the report is submitted to the district attorney's office without any accusations. The reports are neglected for months on end, and then they are packed in sacks to be delivered in a very negligent way to the district attorney's office.

Mukawi said that the demolition decisions are always attached to decisions to evacuate the tenants from the floors. Unfortunately, these decisions are never enforced due to the negligence of the relevant authorities. The negligence starts with the district authorities who should have followed up the construction process to immediately discover the violations and issue a judgment to halt the construction according to the law. The negligence of these authorities has spread to all the executive departments that subsequently do not enforce the decision to demolish the floors. There are always personal considerations that have no respect for the law.

Mukawi thinks that the solution is to have more control and the supervision of the attorney general's office over the enforcement of these decisions. This means that the departments responsible for enforcing the law should be the ones to ensure its enforcement, instead of the administrative departments.

Implicated Officials

Milad Hana, housing expert and chairman of the People's Assembly Housing Committee, said: "Starting with the era of open door policy, and in 1974 in particular, the Egyptian Engineering Society held workshops with an American organization on the requirements for high rises. These workshops paved the way for the introduction of high rises in Egypt. They encouraged some consultative firms to build high rises, especially after the increase in the price of land along the banks of the Nile and the seashore in Alexandria. These buildings required a special permit from the governor and were encouraged by the Ministry of Reconstruction since its inception.

During the late 1970's and the 1980's, many investment companies, individuals, and consulting firms took to building high rises for offices or to sell as condominiums. The price for the condominium ranged from 200,000 pounds in the late 1970's, to about 1 million pounds today. These companies and individuals made tremendous profits in a short time. They formed a complex network of contacts with the departments of local governments and high officials, such as governors and former ministers. They became a very important lobby, even more powerful than the businessmen.

Milad Hana goes on to say that problems began to surface. It was customary to prepare two sets of blueprints for each building: one to be submitted in installments to the government to obtain the official permits and one for the actual construction of the skyscraper. These groups usually hire legal counsel. One of these groups hired a law professor as legal counsel who later became a minister. An accountant for one of these firms became the chairman of a People's Assembly committee. The corruption in al-Jizah Governorate is but an example of violations that were brought before the court. They also embody the interconnections between the authorities and the investors during this era.

Milad Hana gave us the whole story, saying that it starts by applying for an permit according to the law. The actual construction is done using stronger foundations and a constructional framework capable of supporting much higher buildings. Pressures are then exerted on the governor, the ministers, and maybe the prime minister to get permits for the extra floors. Some economic or aesthetic pretexts are usually furnished, but if extra floors are approved, then everything is in order. If not, the construction goes on, exceeding the permitted number of floors, because there will be room for maneuvering in court, especially because of the abundance of legal loopholes. In the interim, the executive departments either have no power, or they are conspiring.

Districts' Responsibility

A high official in the Ministry of Housing assured me that during the last 10 years, the construction of high rises in Cairo and al-Jizah was widespread, to the extent that the total number exceeded 1,500. Unfortunately most of these towers were built in violation of the

housing code. They exceeded the legal heights under the very noses of the government officials. The responsibility for this rests with the district housing engineers, who should continuously and frequently follow-up the building process and immediately report and violations to be submitted to the district attorney's office for an immediate ruling. High rises are not built overnight. They take months, sometimes even years. The law stipulates that a sign specifying the permitted number of floors should be posted at the entrance of the building. There should be signs warning whoever rents or buys an apartment on floors that violate the allowed heights that they do so at their own risk.

The Ministry of Housing official added that the law of reconciliation was one of the laws that encourages people to continue their violations and encourages investors and the centers of power to continue to doing so, as well. There is frequent conspiracy between the investors and some of the district engineers. The current law is not enough of a deterrent because it does not have a mandatory jail sentence for violations. There should be a much more severe law if the government is serious about ending this situation and forcing respect for the law.

Towers Are Dangerous

Dr. 'Izzat Subayh, professor of construction at Cairo University and chairman of the Egyptian Engineers Society, said that the high rises in Egypt were affected by the earthquake just like all the other buildings. This will affect its capability to endure any other strong earthquakes. Earthquakes pose more danger to the high rises than to the other buildings, particularly because rescues are more difficult and the collapse of such towers results in more human casualties and financial loss.

He added that the government should perform a comprehensive evaluation of all of the high rises to ascertain their safety and also to deal with any cracks immediately, because postponing dealing with them might lead to more disasters. He said that the construction methods should be amended to be capable to deal with any other earthquakes, especially because another earthquake in Egypt without any preparations would have devastating repercussions because most of the buildings were affected by the recent earthquake.

Arab League Charter Changes Proposed

*93AF0257A London AL-SHARQ AL-AWSAT in Arabic
23 Nov 92 p 6*

[Article from Cairo: "In a Study on the Future of Collective National Security, the Egyptian Shura Council Proposes Changes in the Arab League Charter"]

[Text] The Arab League is in the process of preparing a comprehensive study of the requirements of the Arab national security in the light of Arab, regional and international developments. The study is to be submitted to the Arab League Council at its next meeting in March.

The secretariat decided to submit the study at the next council meeting. The study was prepared according to the council's resolution in its last meeting in September based upon a request by Egypt.

On the other hand, the Egyptian Shura Council has concluded a study on the future of the Arab National Security that requested revision of the Arab League Charter to accommodate changes in the Arab arena that took place since its declaration in 1945.

The study was prepared by the Shura Council's Arab Affairs Committee. It demanded that the Arab summit conferences become the highest authority in the League. It recommended that such conferences take place once or twice a year and that there should be organized methods for invitation and adoption of resolutions.

The study called for the establishment of a joint Arab defense council composed of the member states' ministers of defense and foreign affairs. This council would be a permanent body of the League and have an organized system of action. It also called for the establishment of an Arab parliament, similar to the European Parliament. It called for amending Article VI of the charter in such a way to devise specific measures to face any aggression or a threat of aggression, provided that these measures are in accordance with Chapter VII of UN charter.

The proposals said that care should be taken to have all of the Arab security measures be performed by the Arabs alone, without any foreign presence in the form of armed forces, military bases, or any other form.

The committee stressed that Arab national security should be a defensive one, without any expansionist or aggressive intentions. It should be a voluntary arrangement that is open to all of the Arab member states, and it should not represent any axes. It also stressed the need to declare the Middle East an area free of all forms of weapons of mass destruction and to declare that Arab national security embraces the principles of universal, collective security. It said that all Arab border disputes should be settled and that a final formula should be reached to guarantee the success of any Arab national security arrangements.

It is worth mentioning that Arab League headquarters in Cairo has been the scene of concentrated activities since the beginning of the 46th session of the committee to provide educational programs for Arab students in the occupied territories.

The committee will spend a week discussing radio and television programs from host countries Egypt, Syria, Jordan, and Lebanon. It will also discuss ways to face the current shortages in the programs and curricula being taught in the occupied territories due to the fact that the Israeli authorities have canceled important and essential parts of the curricula.

In addition to the representatives of the host countries, the committee meetings are being attended by ALECSO

[Arab League Educational, Cultural, and Scientific Organization] and the Federation of Arab Radio Broadcasters.

Today is the beginning of the Arab seminar titled "Toward a Drug-Free Arab World." This seminar will be attended a number of experts in psychology, preventive medicine, and sociology and a representative from the Council of Arab Interior Ministers and the Center for Arab Security Studies.

Al-Mahdi Mustafa al-Hadi, director of the Department of Social Affairs, said that the seminar will concentrate on prevention, its priorities and impediments, and an analytical study, based on reports from member states, of drug addiction and its effects on the central nervous system. This seminar will be attended by representatives from by Egypt, Jordan, Sudan, United Arab Emirates, Palestine, Saudi Arabia, and Morocco.

In addition, a joint meeting will be held in Geneva between the Arab League and the United Nations. It is expected that the Arab League delegation will be headed by Ambassador 'Adnan 'Umran, assistant secretary general for political affairs. The two-day meeting will discuss the means of coordination between the Arab League and the United Nations in all aspects and is preparatory to a meeting between the secretary general of the Arab League and the secretary general of the United Nations.

Another meeting between the political departments of the two organizations will take place on 3 and 4 December to discuss a peace plan proposed by the secretary general of the United Nations and approved by the Security Council and the participation of countries and regional organizations in implementing this plan.

IRAQ

Reorganization of Security Forces Explained

93P40100A Baghdad AL-IRAQ in Arabic 9 Jan 93 p 2

[Text] Baghdad—Interior Minister Watban Ibrahim al-Hasan emphasized that the decree to reorganize the administrative structure of the directorates of the internal security forces is based on the concept of integrating police units under one command in order to offer optimal service to Iraq's citizens.

The minister said at a press conference on the 71st anniversary of the internal security forces: "All of the police units from all of the directorates have one goal and that is the security of our citizens. The integration of all of these units under one directorate is now complete."

He added that he has limited the responsibilities of some directorates and expanded those of others because overlapping responsibilities in some areas had caused inefficiency in the past.

The interior minister explained that the establishment of this new administration guarantees that various police

units will function in specified areas, which will increase the number of officers who can observe and investigate crimes.

He emphasized the need for policemen to be vigilant and patriotic in their jurisdictions and to show their bond with the citizens through their actions. He also said that citizens should assist the police forces.

He said that the relationship between citizens and police should be mutually exemplary and continuously pursued.

JORDAN

Report Analyzes Policy After Strike on Iraq

93AE0282C London AL-HAYAH in Arabic 22 Jan 93
p 11

[Text] The anger and sorrow expressed by King Husayn and the denouncement in the press and parliament in Jordan after the air raids on Iraq can be understood within the framework of the reactions of other Arab countries. The Jordanian position is directed in some of these aspects from a different basis that is related to trends in Jordanian policies.

The Western air raids on Iraq have fulfilled some of the objectives of former American President George Bush and Iraqi President Saddam Husayn. The latest military escalation and the increase of tension in the area did not serve the cause of peace between the Arabs and the Israelis, nor did it serve the efforts exerted for an inter-Arab reconciliation. The role that Jordan has played by raising the banner of democracy and human rights started to take a back seat due to military escalation.

Observers think that the air raids against Iraq participated in weakening the role of the United States as a mediator between the Arabs and the Israelis and led to strengthening the argument of the Islamic movements and the Palestinian factions that reject the peace negotiations and call for withdrawal from them. Not to mention that they are a new example of the double standard in the implementation of Security Council resolutions, particularly when compared with the complete silence regarding the implementation of Resolution 799, which calls for the repatriation of the Palestinians who Israel expelled to the buffer zone in south Lebanon.

On the level of Inter-Arab reconciliation, the Omani efforts to reach a Jordanian-Gulf reconciliation did not bear any fruits. Observers considered the affirmation of the Jordanian royal department that King Husayn's latest visit to Muscat was a private visit as an indication that no significant progress was made toward reconciliation.

Observers note that upon his return from Muscat, King Husayn expressed his support for the Iraqi people and the unity of its land, without blaming any party for the latest military escalation.

This statement reflects the difficult situation that faces Jordan. On one hand, Jordan considers the Iraqi president partially responsible for the increased tension, but on the other hand, Jordan has not forgotten the double standard practiced by Washington and the West regarding the exiled Palestinians and the Muslims in Bosnia.

The military escalation against Iraq came at the worst time for Jordan, which is trying to improve its relations with the United States and with the Gulf countries, in addition to reevaluating its relations with Iraq. In this respect, Jordan found itself forced to abide by the alternative supporting the preservation of Iraqi unity.

The Jordanians feel that the situation might improve after the change in the American administration, a fact that will prompt the Iraqi president and countries in the area to readjust their positions to better suit the new line of thinking in Washington. Jordanian analysts believe that the expected change will widen the gap between the Jordanian position and the positions of the other countries.

Considering the severe blows that have been directed at the peace process in recent weeks and the instability in Iraq, Jordan, after raising the banner of democracy and human rights, is now waiting for a new development that will permit it to define its role in the coming stage.

'Official Circles' Expect Interim Government

*93AE0282B London AL-HAYAH in Arabic 25 Jan 93
p 4*

[Excerpts] [Passage omitted] Official political circles expect the resignation of the current cabinet headed by al-Sharif Zayd Bin-Shakir in early April give a number of ministers and members of parliament the opportunity to prepare for their election campaigns. An interim cabinet will be formed to supervise the general elections, which will be the second general elections in 25 years.

The official sources do not expect King Hussein to postpone the elections for a year or two to give the newly formed parties a chance to organize their cadres and popular bases before the elections.

A number of parties that had been granted permits recently requested an extension of the current parliamentary term and the postponement of election so that they could better organize themselves in the political arena.

Official Analyzes Impact of PLO-Israel Contacts

*93AE0282A London AL-HAYAH in Arabic 25 Jan 93
p 4*

[Article from Amman: "Our Role Will Not Change After Israel Lifts Ban"]

[Text] An official Jordanian source doubted that revoking the Israeli law that bans contact with the PLO would affect Jordan's strategy and its role in the peace process. He affirmed that direct Israeli talks with the PLO would facilitate negotiations.

In a statement to AL-HAYAH, the official said that such a development would have affected the Jordanian role in the peace process if Jordan had not made the decision to legally and administratively disengage from the occupied West Bank and if there had not been separation between the Jordanian and the Palestinian delegations to the negotiations.

He added that if the legal and administrative links to the West Bank had not been severed, there could have been contradictions between the role of Jordan and its position that the PLO is the sole legitimate representative of the Palestinian people.

He stressed that the disengagement should not be considered a disengagement between Jordan and the Palestinian issue and its role in the peace process. He added that the disengagement was as a response to Arab and Palestinian consensus and the PLO's decision to disengage from Jordan and work toward an independent Palestinian state. He said that "at the time, we never thought that the legal and administrative links between Jordan and the West Bank were an impediment to liberating the occupied territories.

The Jordanian official reaffirmed that his country will never abandon the role that it agreed to before the Madrid Conference. He thinks that the participation of PLO in the negotiations will not change the Jordanian conviction of not negotiating in the name of or on behalf of the Palestinians. He pointed out that the Jordanians have always requested that the PLO participate in the negotiations.

The statement of the Jordanian official indicates that the important and significant developments in the nature of the Jordanian role took place in 1988 with the decision to disengage and that this role will not change with the possibility of the PLO participating as an independent party in the negotiations with Israel.

It is well known that Jordan preferred to reconsider the PLO's request to begin making arrangements for a confederate union between Jordan and PLO until the Israelis withdraw from the occupied territories. At such a time, the plan would be submitted to the Jordanians and Palestinians for a referendum.

Observers explained that Amman does not want a unilateral settlement with Israel within the framework of the

peace process and is insisting on a just and comprehensive peace. The Jordanian officials did not hide their concerns about possible Israeli attempts, in cooperation with Washington, to revoke the idea of a comprehensive settlement by implementing the idea of separating the Arab-Israeli conflict from the Palestinian-Israeli conflict.

They pointed out that Washington tried to convince the Arab countries participating in the peace process to accept this idea on the basis that breaking down the elements of the conflict would make it easier to deal with them.

The Jordanians affirmed that in spite of the distinguished and historical relations between the two peoples, no agreement has been reached with PLO on any details of the confederate union proposed by PLO, even though the political circles regard it as inevitable.

A Jordanian leader said that "regardless of how we view the future of the Palestinian-Jordanian relationship, the sure result is that it is impossible to visualize a Palestinian entity that is separate from Jordan."

KUWAIT

Minister Cancels Removal of Non-Muslim Workers

93P40101A London AL-SHARQ AL-AWSAT in Arabic
11 Jan 93 p 2

[Text] Kuwait—Jasim al-'Awn, Kuwaiti minister of social affairs and labor, issued an order to stop further implementation of the decision by the administrative council of the "Sabahiyah and Ahmadiyah Cooperative Society," which had banned employment of non-Muslims because non-Muslims had destroyed the Babri Mosque in India.

Minister al-'Awn asked the society's members to withdraw the decisions against these workers and ordered the ministry to immediately enforce his decision.

Husayn al-Ansari, the president of the union of cooperative societies in Kuwait, emphasized that the union rejects any division between Muslims and other workers in the cooperative field and stressed the need to adhere to Islamic teachings, which commands not to blame someone for the crimes of his fellows.

He said that the society's decision against non-Muslim workers harms the reputation of Kuwait.

Shatti Threatens To Dismiss Finance Minister

93P40102A London AL-MAJALLAH in Arabic 13
Jan 93 p 14

[Report by Jasim al-Shimri]

[Text] The subject of public finances in Kuwait has reached a level of tension because of confrontation

between the National Assembly and the government despite pronouncements of cooperation by both sides.

Meanwhile, Dr. Isma'il al-Shatti, chairman of the finance and economics committee in the National Assembly, said that Minister of Finance Nasir al-Rudan will not cooperate with the committee in its efforts to acquire reports from the minister's office. These reports have not been released on the pretext that they are classified secret. Al-Shatti has threatened al-Rudan publicly that he will demand his removal from office if he does not act within a prescribed period.

According to press sources, Central Bank Governor al-Shaykh Salim al-Sabah resigned because of increasing pressure from the National Assembly to stop the enforcement of the complex debt program established previously established by a decree from the amir issued before the election of the Assembly, which now has the right to review all promulgated during the Assembly's suspension.

Assembly sources attribute the resignation of the bank's governor to his refusal to propose a solution for the debt problem and to his fear of confrontation with Assembly members over this issue.

Warning Made Against False Financial Deals

93AE0211A London AL-HAYAH in Arabic 5 Dec 92
p 13

[Text] Kuwait—The weekly economic report AL-SHAL has warned against "false offers for the sale of the Kuwaiti dinar below its rate of exchange," adding that "there is always the possibility of people falling victim and of constantly casting doubts on the local currency." The report calls on the Central Bank to cooperate in "following up those offers that have names and addresses and publishing details of its follow up." The following is the text of the report:

The state institutions and building efforts:

A. Foreign investments:

Last Tuesday, the minister of finance read a statement in the National Assembly regarding foreign investments. The minister said no more than what the letter referring the matter to the public prosecutor has already said. He said less than what is publicly known from the media. We believe that the conditions and the venue (the Assembly) call for less rhetoric and more specifics, giving details of violations of the rules, regulations, and internal organizations, as well as of accounting and administrative regulations. These do not need wait until the judiciary issues a ruling about them. The issue remains within the boundaries of political accountability.

Within this context and in view of the dimensions of the case under review, the public, that is, the citizens, has a right to know some of the details because they are holding the assets. The case involves financial and legal implications. The government has a right to withhold

some but not all of the information in this regard. The case has also political dimensions relating to the country's prestige. A third point is that in similar cases such information is easily accessible and is disseminated worldwide.

The government has no right to withhold such information or circumvent it. Perhaps it will avoid such a shortcoming on future occasions.

B. The difficult debts:

The Central Bank has extended the final date for presenting financial positions to bank creditors who have become government creditors.

The extension was announced one day before the 30 November 1992 deadline. The extension was for two more months. We do not object to this extension, because the response was weak in the first place. But the situation should have been studied, and the possibilities of implementation and what it involves should have been taken into account before a deadline was fixed and then gone back on at the last minute, thereby causing the government and its institutions to lose their credibility.

C. The Kuwaiti dinar:

False offers to sell the Kuwaiti dinar by a wide margin below its official rate of exchange are still being made. The offers sometimes involve tens of billions of dinars. No such sums are available in the first place, which confirms that such offers are false. But there is always the possibility of some people falling victim and of doubts being continuously cast on the local currency. So far we have seen no satisfactory reaction from the Kuwaiti Central Bank, which is supposed to focus its attention on this matter in cooperation with other monetary authorities in order to uncover this operation and the people who are behind it. Such information should be publicized so that we will not fall victim, or so that we at least will be able to protect the status of the local currency. We believe it is the Central Bank's duty to follow up samples of these offers that are available under names and addresses, and to publish the results of its follow up.

Kuwaiti Stock Market

The stock market performance maintained the same level as before. It was relatively active during the past four weeks preceding the last two weeks. This was coupled with the broadening of the transactions basis, which included 32 companies against 31 the previous week. In other words, shares of approximately 89 percent of the reregistered companies have changed hands. The number of reregistered companies still stands at 36 companies, but is expected to rise slightly during this week.

The provisional AL-SHAL index on Wednesday, 2 December 1992, stood at 102, an increase of 2.6 percent of the value of the reregistered companies in comparison with their value on 1 August 1990. The number of

companies whose value rose to 15. The same goes for the companies whose value fell. Two companies remain unchanged.

The total number of shares exchanged was 30.38 million, at a daily rate of 6.08 million shares, an increase of 10.98 percent over last week. The total value of shares dealt was 11.45 million Kuwaiti dinars, a daily rate of 2.2 million dinars, and a drop of 6.03 percent over the previous week. The number of transactions totalled 834, a daily rate of 167 transactions, representing a drop of 0.71 percent. Demand for shares of the National Bank of Kuwait remained high. Its share of the total transactions was 20.59 percent, and 55.7 percent of the total value of transactions.

This is followed by the Kuwaiti Financing House, with 22.71 percent of the total number of transactions, and 23.41 percent of the total value of transactions. In other words, the two establishments together got 79 percent of the value of transactions.

The Banking Sector

In addition to the apparent inclination to merge the Burqan and the Kuwait and the Middle East banks, which certainly will not be achieved this year, there is also a decision to merge the Kuwaiti Estate Bank and the Kuwaiti Industrial Bank, both of which are specialized banks. The two banks are facing two problems in the field of their specialization, in the short term at least. With regard to the Industrial Bank, since it was established it was not known whether or not the choice of industry was originally within the government's priorities, which made the bank rely only on financial basis in its loan decisions. The financing of those loans came from the government's portfolio at subsidized interest rates. Currently this activity is insufficient, and it is doubtful that the government can provide sufficient cheap financing sources. The Estate Bank is facing a similar problem, because the invasion [of Kuwait] created a large surplus in the property market, which will affect its revenues and its prices in not so short a term. It will also affect demand for financing new development projects.

Naturally, the banking problem will not be solved by merging the two banks in order to carry out two kinds of activities that are encountering the problems described above. Therefore, they must be granted the right to carry out activities closely similar to those of merchant and investment banks so they will become lending establishments in the short-, medium-, and long-term categories. Therefore, deficiencies will certainly appear because this will heighten competition with commercial banks, some of which are weak and hold shares in the two establishments. This leads us to believe in the need to treat the future of the banking sector in a radical manner that should deal with their management and financial structure, in addition to ensuring the soundness of the climate in which they operate. In addition to the ample amount of lending resources it provides, the possible merger

would create a capital base of up to 116.5 million Kuwaiti dinars. These represent the rights of the shareholders in both banks that are not in competition with one another in the first place, which boosts the chances of their merger. Should the merging be carried out, it is very important that the two managements should be compatible. Efficiency should be the arbiter, which should be part of the study on the merger and one of its basic requirements.

Perhaps the fear that the banks, the good and the not so good—even after the merger—might be affected stems from the Kuwaiti Central Bank not adopting a neutral stand. This can be deduced from its method of implementing the old law on difficult debts, and from the bank's first proposal for the new difficult debts program, which it issued in 1991. The possibility that the Central Bank will not adopt a neutral stand could be reflected in its dealing with Law No. 32 of 1992, as well as in its determining the basis of supporting banks, although the Central Bank made no mention of the basis on which it distributes its deposits at a subsidized cost.

Banks are supposed to be dealt with justly, and the subsidy should be within the limits of staving off dangers and according to unified standards so as not to arouse suspicions that one is being treated better than the other in regard to profit-making. The few figures that were available on 31 December 1991 show that Burqan Bank received 164.8 million dinars in deposits with zero or near zero interest; the Commercial Bank received 155.4 million dinars in the same category; the Al-Ahli Bank received about 139.7 million dinars; the National Bank received about 22.2 million dinars; Kuwait and the Middle East Bank received about 25 million dinars; and Bahrain and Kuwait Bank received about 60 million dinars. We admit in advance that this data might not be accurate, but most of it is true. We may publish more detailed data next week if it becomes available. We do not object to the Kuwaiti Central Bank subsidizing the banks that need subsidy, but we object strongly to the bank using public funds in a manner intended to mete out reward or punishment for personal or political reasons, should this happen. Therefore, we beseech the Central Bank to review its role and to ensure neutrality. If it fails to do so and gives no justifications for differentiation, then we believe there is need to change its management.

SAUDI ARABIA

Sultan Discusses Armed Forces, Disputes

93AE0270A Jeddah 'UKAZ in Arabic 14 Jan 93 p 4

[Interview With Prince Sultan Bin-'Abd-al-'Aziz, second deputy prime minister and defense and aviation minister, by MBC; date and place not given: "We Aspire To See Consultative Assembly as Lighthouse and Starting Point for Cooperation With Country's Leader"]

[Text] 'UKAZ Exclusive—London—His Royal Highness Prince Sultan Bin-Abd-al-'Aziz, the second deputy prime minister, minister of defense and aviation, and inspector general, has given an important interview to the first session of *Face to Face*, a new MBC program.

His Highness Prince Sultan discussed important domestic, Gulf, and Arab issues in his interview.

'UKAZ is publishing a transcript of the interview in coordination with our colleagues at MBC.

Military Cooperation Is as Well as One Could Wish

[MBC] His Royal Highness Prince Sultan Bin-Abd-al-'Aziz, at the outset of this interview, we welcome you to *Face to Face*, our new program that will feature Arab politicians.

To begin, let us get to the crux of your work as minister of defense of the Kingdom of Saudi Arabia.

Your Highness, you have recently completed charting a strategy for the military cooperation of the GCC [Gulf Cooperation Council] states. Would you be kind enough to explain to us the characteristics and features of this strategy?

[Sultan] First, I thank this organization, of whose presence we are proud, for this interview, for which I have not been truly prepared but to which I have agreed in response to the wish of dear friends.

As for Gulf cooperation, I believe that it has made positive strides. If we are dealing with the reality and with the ability and capability of each Gulf state, then we must not drain the budget of each state or demand what is impossible. The saying goes, "If you want to be obeyed, then demand what is possible."

The fact that I must underline is that military cooperation among the Gulf states is proceeding as well as one could wish. Any difficulties we encounter are a natural result of the process of coordination among forces that were not linked previously.

The fact is that the meetings held by the military committees serve a very good purpose. They refer any disagreements they encounter to people at a higher level of responsibility, such as chiefs of staff. When the chiefs of staff reach agreement, their agreement is referred to the defense ministers, who then refer it to the ministerial council, which in turn presents it to the summit.

If the chiefs of staff disagree on a certain point, the defense ministers meet with them to settle the disagreement.

The truth is that what we call "disagreement" is no more than the viewpoints of each state, and each state is eager to have its viewpoints taken into full consideration.

As we are aware, not all of the Gulf states developed simultaneously or gained their independence and built

their armed forces on the same day. There are chronological differences and disparity.

Generally, I feel that this council [GCC] is one of the best cooperation councils—Arab, Islamic, or international, because there is tranquillity and goodwill and because the objective is to preserve the Gulf security and to form a positive force that supports the Arab nation and serves its causes.

Peninsula Shield Is Nucleus of Desired Force

[MBC] Your Highness, you talked at the summit about these meetings between chiefs of staff and defense ministers, and you have recently decided to underline the Peninsula Shield Force. Are there steps to develop this force in light of the developments and changes in the arena?

[Sultan] At the joint meeting held in Kuwait between the defense ministers and chiefs of staff, we emerged with a vital conclusion, namely to continue to bolster the Peninsula Shield in wake of the success achieved by the Peninsula Shield Forces in the Kuwait experience.

When a sisterly state was subjected to aggression, the Peninsula Shield Forces confirmed, despite their small numbers, that they are up to the level of the responsibility. This in itself is a good outcome that motivates us to develop and bolster the Peninsula Shield Forces.

Add to this the plan presented by His Majesty Qabus Bin-Sa'id, the sultan of Oman, to create a big force. This plan has been the subject of appreciation and careful consideration by the defense ministers. But it requires further study so that it will not be in conflict with bolstering the Peninsula Shield Force so it will be the nucleus for this [big] force, if it is to see the light and if we in the Gulf states can accomplish it financially and provide it with manpower.

A resolution on all this was presented to the Gulf summit, which has approved the objectives and broad lines of the resolution that has been referred to future ministerial sessions to discuss its details so that we will follow the right and positive path.

Ordeal Has Strengthened Our Friendship

[MBC] You have talked, Your Highness, about the catastrophe that has afflicted a sisterly Gulf state, namely the State of Kuwait. There is no doubt that the Iraqi occupation has taught everybody new lessons and examples. What are the most important lessons and examples you have derived from this ordeal?

[Sultan] First, it has taught us to adhere firmly and strongly to our Islamic faith. Islamic faith is not just prayers and fasting but also relations and upright ethics. The ordeal has taught us that by adhering to the Islamic faith, we adhere directly to the Arab values and character and to cooperation. It has also taught us that the target is not just Kuwait, but the entire Gulf. Kuwait is nothing but the pupil of the eye, and whatever harms the pupil of

the eye will harm the rest of the body. On the basis of this concept, friendship of the Gulf people has become stronger than ever. For dozens of years, the Gulf countries were never touched by any harm, God be thanked. But then harm came, very regrettably, from a brother whose stability and whose people's struggle had been supported primarily by the Gulf.

Return to League Charter

[MBC] Your Highness, the Iraqi occupation is, as you have kindly noted, a dark spot in the history of the region and of the Arab and Islamic nation. Do you, or rather how do you envision the way out of this dark tunnel to which the Iraqi occupation catastrophe has led?

[Sultan] There is no doubt that this is done by returning to the Arab League charter, which emanates in turn from the UN charter.

The Arab League is an umbrella for the Arab nation and its leaders. This ordeal and this division that has been caused by Iraq's aggression must motivate us to establish sincere Arab cooperation far from vituperation and from insistence on mistakes.

It is much better to return to what is right. We must support the Arab League and must meet under its umbrella to rebuild the true character of the Arab nation and to restore its past friendship under the canopy of the Arab League and its charter.

Yes, There Is Slowness But...

[MBC] Your Highness, there are those who complain of the somewhat slow pace of the Gulf cooperation march. Do you agree with this complaint, and what is the way to accelerate the march?

[Sultan] In fact, we do not deny that there is slowness in some areas. But this is normal in the face of something new to the Gulf states. If we make a comparison with the conditions of other groupings and pacts, such the Warsaw Pact, NATO, the past Baghdad Pact, and other pacts that have been established now in Africa and elsewhere, we find that the GCC march is much faster because the components of cooperation and harmony exist naturally among the GCC states.

The GCC is following a sound path, and we make positive strides at every summit. What is important is that there are no backward steps. All steps, though deliberate, move forward.

Wisdom of Custodian of Two Holy Mosques Has Restored Tranquillity

[MBC] What are the most important strides you made in this regard in the latest Gulf summit?

[Sultan] I may be censured for what I am going to say. But the truth must be told, and it is that King Fahd Bin-Abd-al-'Aziz, custodian of the two holy mosques, is the pivot. With his wisdom and his foresight in the past

and at present, he has, God protect him, ended the storm that developed with Qatar, and he has taken the first steps to promote definite tranquillity and love with our brothers in Qatar.

The problem was in the late arrival at the summit of a state that is dear to all. With Qatar's presence, components of the summit's success were made complete in wake of the resolutions that were issued and signed in Medina, a blessed spot from which nothing but goodness emanates. The prophet, God's peace and prayers be upon him, said, "God bless you in every corner and spot." Qatar is a neighboring spot, and with its presence, the components of success were made complete and the summit succeeded, thus foiling all the malicious and the envious who wish to see goodness weakened.

Visit Iraqi Camp

[MBC] Your Highness, the storm you have kindly talked about has proved that the means to solve disputes among the brothers are found in diplomacy, not in invasion and in occupying other people's lands. Let us turn to Iraq's invasion of Kuwait which has had psychological, social, and tangible consequences on the real ground, including the Rafhah Camp, where you are host to a large number of refugees. What are the latest developments and information regarding this camp and regarding what you offer Iraqi refugees?

[Sultan] The truth is that we have perhaps been belittled by some Western papers or by some who do not want the kingdom to have a high standing and to do good deeds. We have done with our refugee brothers nothing other than what is dictated primarily by our religion and our Arab customs. I wish the honorable MBC organization would visit the camp and check the refugees' conditions on the spot. The fact is that we do not call them refugees, but brothers residing in their second country until they return to their native country. What we have done for them in terms of housing, food, clothing, and medical care is well known and obvious. Add to this education, including kindergarten, elementary, intermediate, and high-school education, and even college education. I do not know of any refugee centers in other countries where everything is provided, including college education and medical and human services. What is more, salaries are disbursed to the refugees' families and dependents. What is even more important, all of the educated among our resident Iraqi brothers, be they young or old, men or women, have been appointed to salaried positions, as if they were Saudi citizens, to serve each other, to fill the void from which they suffer, to revive the language of knowledge and learning which they possess, to reap benefits for themselves and their brothers, and to keep up pace with their brother Saudi scientists, physicians, and teachers. I hope that this honorable organization will visit the region and check the conditions there on the spot.

Development of Our Armed Forces Proceeding at Rapid Pace

[MBC] Your Highness, the Kingdom of Saudi Arabia is making ceaseless efforts to strengthen its armed forces. Are you satisfied with the dimensions and pace of these efforts and what are your future plans to strengthen the Saudi military force?

[Sultan] Saudi Arabia's aspirations are not offensive aspirations but inevitable options to defend our sanctities, our honorable people, and the progress they are making. On the directives of the armed forces general commander, the custodian of the two holy mosques, and with the support and backing of his highness the crown prince, the armed forces are advancing at a rapid pace. But it is a well-studied pace that is not hasty and that condones no tardiness. By way of science and knowledge, we are moving forward through cooperation with friendly major powers possessing numerous industrial positives, such as the United States, Britain, France, and some other European countries, and we hope that there will be tangible human, technical, and military progress in the next five years.

Our People Are Brave Fighting People

[MBC] Your Highness, what is your impression of the Saudi soldier's combat readiness in wake of the experiences that he has undergone recently?

[Sultan] The truth is that I do not wish to prefer the Saudi soldier or Saudi people to any other Arab or Muslim people. But I say honestly that the Arab Saudi people, whether in their military camps or outside them, are brave fighting people. Their fight and their bravery emanate from their faith in God, may He be praised and exalted, and in the true worthiness of what they fight for.

Al-Yamamah Continues, and F-15

[MBC] Your Highness, the final question in the defense area is: There are gigantic projects being developed by the Kingdom of Saudi Arabia, such as al-Yamamah project. What point have these gigantic military projects reached?

[Sultan] Al-Yamamah project is proceeding with our British friends as well as one could wish. It has never faltered. However, it is a gigantic project, as you are aware, and involves fighter, training, and support aircraft, radars, training, and bunkers, and all are proceeding along a sound path. We also continue to cooperate with the U.S. administration on the armament issue, whether by way of the tanks that we purchased previously—of which the first consignments are being delivered now, or by way of the sophisticated F-15's, which constitute one of the most important deals concluded to strengthen the Air Force of the Kingdom of Saudi Arabia.

There Is Consultation With All

[MBC] Let us move from the defense issue to other issues preoccupying the mind of the Saudi citizen and of the Arab citizen generally, namely creation of the consultative assembly and of the provincial councils announced by King Fahd, custodian of the two holy mosques, a few months ago. What is your impression of the role that these councils perform, and what do you hope they will do to serve the Saudi citizen?

[Sultan] There is no doubt that consultation is a principle revealed by the Koran—"Those who conduct their affairs by mutual consultation" [Koran 42:38]. Consultation is nothing new to us. First, our Islam is consultation. Second, from the days of King 'Abd-al-'Aziz to this day, it has been the practice of the Saudi policy to consult the various classes of Saudi people, be they religious ulema, Islamic shari'ah jurists, scientists, intellectuals, men of letters and knowledge, the country's notables and tribesmen of whose struggle and Arab character we are proud, businessmen who have engaged in business, and so forth. So consultation has been moving along a correct, sound, democratic, and ethical path that does not undermine man's dignity. But in the past, organizing consultation was just a word. There was consultation as of the days of King 'Abd-al-'Aziz, and it continued to the days of King Faysal. It was then decided to develop consultation into an assembly and to develop regulations for this assembly. The custodian of the two holy mosques has embraced this issue for years. He has not adopted the issue because there has been no consultation, considering that consultation already exists between the cabinet ministers and the leaders—particularly the king, the crown prince, and the country's commanders—and the Saudi people. Doors are open; hearts are open, and criticism is accepted. In this country, we do not consider our honorable people beholden to us for any favor whatsoever in this regard.

Regulations were issued last Ramadan so that the right man will be put in the right place to offer his opinion and knowledge. Experienced, knowledgeable, and learned men will be appointed in this initial phase so that they will be able to draft future programs to develop consultation and to enhance the concept of consultation. We are aware that things are being said now about pluralism and parties. But let us cast a realistic look at some countries that have declared their shift from a single party ruling with steel and fire and suppressing the people to 50 parties. In such countries, the outcome has been war, sectarian division, rise of the voice of sectarianism and of partisanship, and the intervention of other countries through various parties and factions.

God, may He be praised and exalted, has not decreed division, but rather unity under the canopy of the Islamic shari'ah. If we are Muslims, then the Islamic shari'ah has made things clear and has given everybody his right. If we cannot see it, then may God forgive us and to God we repent. If others do not see Islam as their

practice and their path, then let them consider the Arab character and Arab unity before and after Islam. The prophet said, "You can choose either a state of ignorance or Islam." When we consider democracy and pluralism, we look at the major powers that have practiced democracy for hundreds of years. Do they have pluralism? These countries give us an idea of dictatorship and of what it did to the Soviet Union, of the condition that union has reached now, and of the starvation, war, and killing that have developed in it under the canopy of democracy and pluralism. They give us an idea of the dictatorship in Iraq and of the division that has developed among the Iraqi people by way of democracy and sectarianism. Prior to the dictatorship and under a sound regime, Iraq was one of the strongest Arab countries in production, in agriculture, and in industry. I cannot imagine a country with a population of a few million having 40 or 50 parties.

The people of the Kingdom of Saudi Arabia are Arab Muslim people, and consultation, exchange of opinion, and cooperation are their custom. Organizing this custom through men who devote themselves to this consultation is a very good thing, and this is what the custodian of the two holy mosques has done.

We hope that when this assembly is inaugurated, it will be a starting point for cooperation with this country's leader and with the men who serve it and that it will act as a good lighthouse.

As for the provincial [councils] system, a new element has been introduced to it, namely to put a number of the province residents with the governor and with representatives of the government agencies to cooperate for what is benevolent and virtuous, to learn what the province problems and projects are, and to find out what each position, area, and district needs.

Our Sessions Are Open to All

[MBC] Your Highness, is there any restriction on the issues raised in the sessions that are held regularly, beginning with the sessions held by the custodian of the two holy mosques and by the crown prince and ending with your sessions with the Saudi citizens, or is the door open to everybody to express his opinion, criticize, and debate?

[Sultan] These sessions were started in the days of King 'Abd-al-'Aziz, perhaps even in the days of our early predecessors who sat with their men and tribes in the desert. Things developed when palaces came into existence. A palace does not mean that the kingdom's people should be locked out. Inversely, the palace is there to provide shade to the honorable people. This is why from the days of King 'Abd-al-'Aziz, King Sa'ud, King Faysal, and King Khalid to the days of King Fahd, the custodian of the two holy mosques, and of Crown Prince 'Abdallah, the sessions of the country's leaders have been open and why no restriction has been put on what kind of people attend them. Let whoever wishes to attend come and say what he wants to say. There is no doubt that our people

are by nature honorable and respectful and can express their criticism and what they want from their leader capably. Let us laud the people and open our hearts to them even more than our doors. This is not a favor we do for them, but rather a right to which they are entitled. We are beholden to God and we, from first to last, consider ourselves servants of the people, and a servant must always open his heart to those whom he serves.

Fear of God and People's Interest First

[MBC] Your Highness, there is no doubt that you have learned these lessons from your fathers and forefathers. What are the most important lessons and examples that the late King 'Abd-al-'Aziz, your father, taught you and that you are now teaching your children?

[Sultan] One of the qualities of King 'Abd-al-'Aziz, may God have mercy on his soul, is that he considered not just the children he fathered, but all of the kingdom's people, both men and women, his children. This is why his advice, contacts, instructions, and justice extended to all. He did not favor one over the other, and he believed that the old are owed respect and the young appreciation. This is why he was eager in his instructions to serve the interests of all the people of the Kingdom of Saudi Arabia, both urban citizens and bedouins. His most important advice to us and the thing that he always impressed on us was that we should have the fear of God in our hearts secretly and openly and that whoever is entrusted with the affairs of Muslims, be he young or old, must be fair and just, must steer clear of other people's property and taboos, and must respect people's dignity.

This is the pivot of our faith, our character, and our duties to the honorable people.

State Tends Youth's Future

[MBC] Your Highness, youth are the influential forces in any society. There is no doubt that this applies to the Saudi society. What is the word you wish to address to the Saudi youth?

[Sultan] Before anything else, I urge them to fear God, may He be praised and exalted, secretly and openly, to seek learning from cradle to grave, never stopping, and to be a true force for their future. The state is nothing but their shepherd and servant, and it sees a bright future in them.

Smile in Face of Difficulties

[MBC] Your Highness, you always smile, even when faced with difficulties. What is the source of this optimism?

[Sultan] Brother, one cannot put into his soul that which is not part of him.

Hunting Hobby

[MBC] Let us now turn to your hobbies. Far from your position as defense minister and the kingdom's inspector

general, you have numerous hobbies, and I believe hunting is one of them. What is the history of this hobby?

[Sultan] I am interested in hunting for two reasons: First, it is a physical and intellectual exercise, and second, it is a sport that is dear to the heart. One invests in training a falcon for a month, hunts with it for a month, and then hosts it for 10 or 12 years. The falcon remains with one throughout the summer, when all of its feathers fall and new ones grow in their place. I feel personally that this hobby is the one truly closest to my heart.

Since Youth

[MBC] Are there hobbies other than hunting?

[Sultan] I like camels, and I have some. It is part hobby and part affection, and I engage in it in springtime. Our fathers and forefathers have taught us that what is affiliated with the Saudi people must be in the forefront, especially camels and horses.

Reading in Leisure Time

[MBC] Do you have time for reading, and what books to you read?

[Sultan] The fact is that I read and study. When I have free time, I love to read materials connected with my field of work or with international affairs. There is no doubt that I read when I have free time.

Protecting Wildlife

[MBC] What is the secret behind your interest in wildlife in the Kingdom of Saudi Arabia, which has numerous rare species?

[Sultan] The custodian of the two holy mosques has honored me by appointing me head of the Environmental Protection Commission. I and my colleagues in the commission, which is formed of the ministers concerned, have made very positive strides. The state has supported this commission, which has already had an impact and the activities of which have been shown on television. I hope that you will get a good impression of this honorable organization. When it visits the provinces, we are prepared to provide it with all of the means available, whether the visit is by air or by land.

Middle East Television

[MBC] Finally, Your Highness, we are in the age of communication. How do you view the role of the Middle East Broadcasting Center—the MBC—and what is the message you wish it to perform in approximating the viewpoints of the Islamic and Western cultures?

[Sultan] As I have pointed out, this organization has achieved much success. If we criticize any of its programs, then this only means that we want it to rise higher. It has united people who have been far from each other, and it has brought the east closer to the west and the Arab in Africa closer to the Arab in the east. It has

explained to the Islamic world and the international community what the Islamic position is and what the Arab position is, and it must carry on with this march. Moreover, the MBC has good economic, scientific, technological, and entertainment programs. But the observation that I have made to some brothers is that some of the entertainment programs should take the organization's status into consideration and that all entertainment programs should lead to what is lofty, good, and desirable.

[MBC] This station's backbone is its news section. What is your opinion of the news reports presented by the MBC?

[Sultan] Very good and unbiased. The news reports are not partial to any faction. They reflect the developments as they are, and the station's news analyses are as good as can be.

[MBC] In conclusion, we thank His Highness Prince Sultan Bin-Abd-al-'Aziz for this lengthy interview that you have been kind enough to grant us. We wish you continued success and health, and thank you.

[Sultan] Thank you very much.

Growth, Impediments to Industrial Exports Studied

*93AE0226A London AL-SHARQ AL-AWSAT in Arabic
27 Nov 92 p 11*

[Text] The value of Saudi nonpetroleum exports increased by 230 percent during the past five years. Despite this huge growth, nonpetroleum exports remain below the level of available production capacity. Unused production capacity is estimated at an average of 40 percent.

These facts were recently announced in a study by the Saudi Industrial Exports Company. The study added that since the activities and strengths of the nonpetroleum production capacity were still the strategic choice to develop the Saudi economy and provide job opportunities for increasing numbers of young Saudis. In view of the limitations of local and Gulf markets, a large part of the capacity of production projects and services now being planned by Saudi Arabia will be directed at foreign markets. At present, this is obvious with regard to industrial capacity, since most of the minor and medium size industries were intended by Saudi Arabia for export. An increasing percentage of industries, presently being licensed, will depend on exporting to market part of their capacity.

With regard to existing industries, exporting is the main factor that gives factories independence for their idle production capacity and continuity in development and expansion of that capacity.

The study makes clear that directing Saudi production capacity into exporting will meet with several obstacles and factors that will limit its competitiveness, or even its

entry into foreign markets. The most important domestic impediments are the scarcity of programs and incentives designed to bolster exports, the limited nature of financing and export credit programs, the lack of agencies that encourage exporting, the lack of necessary data about foreign markets, and the increase of land and sea shipping costs facing Saudi exports compared with shipping costs for the exports of other countries. Other obstacles include a lack of organization and a rise in port fees for loading Saudi products. The study added that the Saudi exporter is also faced with several foreign obstacles, such as import licenses, customs fees, lists of goods banned for import, etc. There are also financial restrictions on currency conversions, documenting credit, and exchange rates, as well as specifications imposed on imported goods that differ from other markets.

These and other factors cause both industrial and developing nations to adopt programs, measures, and integrated policies to develop and encourage their exports. Some may still remember the slogan, "export or die," which the Japanese used to epitomize the importance of the facts facing them.

Some of the most important programs and incentives that these countries have enacted and implemented include establishing national organizations and agencies to promote exports and gather commercial data about foreign markets, programs to finance and extend credit for exports, customs exemptions for capital goods and raw materials, attractive "low" interest rates for loans granted to exporters, low taxes on income derived from exporting, and measures pertaining to local currency, which include modifying exchange rates from time to time to suit changes that occur in foreign exchange rates. These programs and incentives also include lifting restrictions on imports, modifying the system of customs tariffs to be appropriate for raw materials that exporters are importing, providing means of overland transportation in principal markets, training large numbers of their citizens in the field of foreign trade, creating specific zones for industrial exports and free zones for exporting, and granting material and investment assistance for industries that wish to export for the first time or to open new markets.

By comparing the impediments and factors that limit the competitiveness of Saudi Arabian exports in general and the incentives and programs that the industrial and developing nations grant and apply, the study deduced that:

- By looking at the costs related to the programs explained above and other incentives and visible and invisible subsidies that industrial and developing countries grant to encourage their exports, it is clear that the material, economic, technical, and social returns of exports considerably surpass the costs and efforts that these countries bear.
- The success of the export policy of any country is linked to the comprehensiveness and integration of the policies, regulations, and incentives that take into consideration all elements and factors, affecting production and marketing processes.

- Although the priorities, goals, and specific nature of those policies and incentives might vary from one country to another with the different economic resources of each country and the level of production capacity development, the integration and comprehensiveness of policies that pertain to exporting continue to figure prominently in any country that has succeeded in applying them.

The study pointed out that Saudi Arabia enjoys an excellent strategic position because it is in the midst of several markets. Moreover, it has two coasts that overlook principal world trade shipping lanes. Nevertheless, with regard to maritime shipping in Saudi Arabia as an industry, service, and means of transportation, this strategic position and the available potential have not borne fruit. Debate over this matter has taken on a kind of chicken or egg nature—which came before the other—since those concerned with maritime shipping point to the small size of trade between Saudi Arabia and regional markets as a main reason for their disinterest in providing services and means of maritime transportation for these markets. However, Saudi exporters point to the opportunities and increasing commercial deals that have been lost because of the difficulty of reaching these markets, as well as the high cost of transportation to them. Nonpetroleum Saudi Arabian exports still face the obstacle of the unavailability of organized means of maritime transportation to serve the neighboring markets in the Arab Gulf and the Red Sea, in addition to the rising transportation costs offered by owners of small and mid-size ships and those belonging to foreign companies. All this limits the competitiveness of Saudi products and costs Saudi Arabia many available commercial opportunities.

The study makes it clear that the Saudi Government has been concerned with building a Saudi commercial shipping fleet that today shares in a not inconsiderable part of Saudi imports. The fleet also began to offer its services for exporting petrochemical products, since there is cooperation between SABIC [Saudi Arabian Basic Industries Corporation] and the Saudi National Maritime Shipping Company.

Despite the Saudi Government's lowering of Saudi export fees, which are now 50 percent of the fees imposed on imports, the fees and costs applied at the present time are still high in comparison with regional and international ports. This limits the export of many products that have to be specially loaded.

The study also makes it clear that the Saudi National Maritime Shipping Company has concentrated on transporting Saudi imports from industrial nations in Europe, America, and the Far East. In that regard, it has depended on large ships. With the exception of vessels designed to transport petrochemical products, the Saudi National Maritime Shipping Company's services do not include Saudi export markets, represented by regional and foreign markets in Africa and the Indian subcontinent.

The study hopes that governmental agencies concerned, as well as private sector institutions, will become interested in studying the conditions and resources required to provide maritime shipping to regional markets, as well as suitable programs, measures, and incentives to encourage the private sector to invest in providing small and mid-size ships to serve regional markets, modeled after the policies and incentives given to the industrial and agricultural sectors.

Government, Banks, Shareowners Strangle Market

*93AE0225A London AL-SHARQ AL-AWSAT in Arabic
6 Dec 92 p 11*

[Article by Dr. 'Abd-al-'Aziz al-Dukhayl, president of the Consulting Center for Investment and Financing: "Saudi Stock Market Strangled by Government Management, Banking System, Minority Monopoly"]

[Text] All of the people, common and not so common, are debating the current state of the Saudi stock market. Conversations about stocks are nothing new. The recurring news, however, is the state of recession and loss that has engulfed those who trade on this market. I say recurring because this is not the first time that stock prices have plummeted. But this time, the crash was precipitous because it came down from lofty heights. This may not be the last time we see the market crash unless imbalances are corrected.

As I talk stocks, I will not take the reader into the maze of figures, ratios, and relationships, because I believe that the issue is far more serious than that; it involves the stock market's foundation and its basic structure. Under sound conditions, price fluctuations are as normal as catching a cold in wintertime. I will begin by defining the market and its place in the economy, and then I will elucidate on the points I already made. I will conclude by reviewing the current and future state of the market.

The Stock Market: Its Place and Significance

When the state, or those in authority, decides to pursue a specific economic course of action, it must necessarily approve the institutions and economic policies implied in that strategy.

The stock market is only one of the basic pillars of a market economy that reaches the point where commercial endeavors advance from partnerships and sole proprietorships to the stage of stock companies.

During that stage, the ownership of large firms is transferred from particular individuals or families to members of the public at large. In that sense, the stock market is a large vessel that contains the shares of stock companies and, consequently, the assets of many citizens at various stages of wealth.

The stock market has three important economic functions.

First, it is a depository for the assets of savers, be they big or small.

Second, it is a resource for investors [entrepreneurs] who wish to draw upon savers' funds to finance their projects.

Third, it is a free market that allows everyone the freedom of entry and exit. It is therefore a forum and a voice that foretells the status of stock companies and of the national economy as a whole. It mirrors the views of the shareholding population rather than the views of those in power.

A Historic Reading

It would be easy to count mistakes, to point fingers, and to fall back on the wisdom of hindsight. Such is the human tendency; and I am human. Before I go on to make a diagnosis and prescribe a treatment, I am compelled to recount what I wrote in this regard some time ago. A historic reading of what had been written on this subject offers the advantage of depicting one researcher's view of the market away from the reactions that are induced by the general state of chaos and convulsion that prevails as the development occurs and that may influence one's viewpoint, assessment of the situation, and proposed solutions.

In a study titled "Saudi Stock Market Development," which was printed as the third chapter in the book *Gulf Capital Markets* published by Gulf International Bank in 1988, I wrote on page 52 under the heading: "Anticipated Challenges" that:

"It is time to make important determinations about the Saudi stock market. It has been too long. Authorities fear the incubation of crises such as those that beset capital markets in other Gulf countries and have therefore adopted a slow gradual approach to stock market development in Saudi Arabia. But the lesson we must learn from those crises is that we need to put that market on a sound foundation and develop its organizational infrastructure as soon as possible."

In an article titled *Observations on the Saudi Stock Market* published in issue No. 8524 of AL-RIYADH on 10 February 1991, I wrote:

"A stock market, in an economic sense, acts as a lung through which national economy breathes. The economy's state of health can therefore be determined through its inhalation and exhalation. The Saudi stock market seems to be the lung for a group of those involved in that field. They do not prevent others from entering the market but the market system itself does not allow the establishment of other institutions capable of competing with them. Accordingly, the Saudi stock market may be less of a clear indication of the state of national economy than it is a reflection of the economic position of its big players, who are a minority. The organization and management of stock market operations should not be the sole domain of government officials. I believe that at a minimum, the debate, if not the decision-making,

should include others who represent firms and institutions active in that market, as well as scholars and specialists not involved with market operations."

In an article titled *Stock Market Issues* published in issue No. 4733 of AL-SHARQ AL-AWSAT dated 11 March, I began by saying:

"The present structure of the Saudi stock market may not be able to support the lofty height to which stock prices have soared. I warned in my article in AL-RIYADH that this artificial rise in stock prices, the movement of which is controlled by a small group of investors, may reverse course and collapse with more force than the current market structure can bear. The structure could then break down, and prices would collapse, damaging many small investors who took that road because it was the only one open to them, unaware of its risks and of the many traps on either side of it. The street lights are out, and the road patrol is absent."

I related a discussion I had with an elderly woman who asked me about the market and stock prices. Her comments elicited my remark: "I fear for that old woman, and for the tens of thousand of others, because the market is sure to collapse at their feet when speculators stop buying, prices stop climbing, small investors and traders begin selling their shares, and prices start to slide. As prices decline, small traders like that old woman will rush to sell for fear of further losses.

"Then begins a vicious cycle of selling and price declines until share prices collapses to a mere fraction of their purchase price. This is when catastrophe will hit large numbers of middle- and low-income shareholders and a few large traders who could be burned by the fire with which they play."

In October of 1992, an article of mine titled *The Pros and Cons of the Saudi Stock Market* was published in AL-JAWIYYAH magazine, which is run by the Prince 'Abd-al-Rahman al-Sidiri Charitable Society. I said in that article: "Saudi stocks will sooner or later undergo a price correction. It is important that this correction takes place gradually and in a balanced fashion. This can happen only with concerted efforts in primary and secondary markets and with coordination among all governmental and private institutions concerned with stock movements. The Saudi stock market is too important to leave to bank stock divisions, to a few large investors, or to a small group of government employees, each of whom functions within the confines of his own narrowly defined circle without an overview that would help establish balance between private and public interests. The market needs independent, joint management that would lay down rules and regulations to ensure the development of a Saudi stock market and affiliated agencies capable of the efficient delivery of the services needed to structure an economy supported and owned by a wide base of citizens in their role as savers and as investors.

The Current State

The current state is but the sum total of past developments. As I mentioned earlier, I have nothing to add in far as the concept of the basic structure of the markets and its operations is concerned. The ills and obstacles mentioned earlier, which fester in markets that lack the necessary administrative, organizational, and competitive components, remain the same. If there has been any change, it was only the style. Let me reiterate my reminder and forgive me for repeating myself.

As the title of this article would indicate, the stock market today suffers three main nooses around its neck—a government noose, a banking noose, and a noose represented by the small number of those who own the majority of shares.

I will discuss each of the three in merciful brevity, if I can.

Management by Government

There is no doubt that management by government in developing countries plays an important and fundamental role in national economic and noneconomic affairs. Everything that has to do with the stock market in this country was developed with government initiative, and it is only fair to acknowledge the government's efforts in that regard.

The Saudi stock market is run by government agencies that played a fundamental leadership role in devising [market] rules and regulations but must now make room for other elements of society, be they juridical entities [companies] or individuals, to make real and effective contributions in polishing and developing market systems, procedures, management, and operations. In this regard, I propose the creation of a supreme authority to run the market. This authority would be composed of relevant government agencies, representatives of exchange-listed stock companies whose shares are in public circulation, and citizen representatives with skill and experience but without involvement with, or personal interests in, market operations.

That Supreme Authority would be the ultimate authority and final arbiter of anything that has to do with devising, interpreting, and applying market rules and regulations, managing its operations, and controlling its openings and closings. The authority, which would monitor suspicious trades that could exploit a position or a situation, would be supported by competent managerial and technical personnel capable of gathering and analyzing the data and information that would enable market management to carry out its responsibilities in an enlightened and objective manner.

The Banking Noose

In choosing a market mechanism suitable for the initial stage of operation, the country opted to monitor stock trades through departments to be established by Saudi

banks for that purpose. There is no doubt that such a system had a lot to recommend it from the government's viewpoint but it has since undergone major development. A lot of money has been expended on its mechanisms and to link its various branches and components with computers that instantaneously list buy and sell transactions. Banking involvement, previously limited to brokering transactions, has been recently expanded to include the operations of [mutual] funds capable of entering the market as buyers and sellers.

There is no doubt that this banking-based system, and its subsequent positive developments, has helped bring out the personality of the stock market and define its place in the Saudi national economy. The system has already completed its constituent role and what we need today is to bring the market out of this closed banking loop and give new financial and investment institutions a chance to further hone and perfect market [operations]. That system would be on par with the banking system in stature, standards, and controls.

In this regard, I would like to propose the creation of an independent system, similar to the banking system, that would define rules and regulations to govern capitalization, accounting practices, and organizational structures of institutions licensed as brokers and allowed to trade on the Saudi stock market for their own accounts or for the accounts of others. The number of such institutions to be licensed must be commensurate with market volume. Banks may establish and own such enterprises, if they so desire, as long as they are capitalized and managed separately from the parent banks.

The current system composed of stock departments at various bank branches is too weak for market vitality and spirit. Since banks are busy with more profitable operations than they gain from brokering stock trades, their stock departments, or at least some of them, turned into operations rooms for cooking up deals and underwriting issues. The least that can be said about such activities is that they are weak points at which viruses infiltrate to weaken market system immunity and expose it to acute bouts of ills such as it currently suffers.

Minority Ownership of the Majority of Shares

In a free market system, if we may use the term, a market can not be free in the absence of competition.

Competition is created when there is a large number of participants none of whom has adequate power to influence market movement. Competition diminishes or disappears in the presence of a small group capable of, and bent on, influencing or dictating market price levels. The Saudi stock market is supposed to be a free market where prices are determined by people's will expressed as buy and sell decisions, whether those decisions are based on economic considerations or not.

The Saudi stock market will never be a free market as long as a group of stock traders, or a few of them, finds ample opportunity to influence prices and consequently

take strong market positions by accumulating large blocks of stocks carefully chosen in accordance with individual or family strategies designed to serve special interests by using power and influence to force upward and downward movements of stock prices.

Individual or family ownership capable of influencing impersonal market movements or of channelling them in the direction dictated by one person's power or will is defined by free market economies as monopolistic and forbidden under free competition and anti-trust laws. Market economies create antitrust agencies to preempt monopolistic tendencies by monitoring and controlling business combinations or alliances that could develop into monopolies that undermine competitive market pricing mechanisms. Such actions abound throughout the world. An example was the break-up of the Rockefeller family's American oil monopoly into smaller independent units.

Antitrust laws have likewise prevented many mergers and combinations planned by certain companies active in stock and other markets.

The purpose of that preamble is to correct the erroneous impression of some large traders in stock and other markets who assume that a free market [economy] gives them absolute freedom to build any market barriers and restrictions they wish as long as they do so with their own funds and at their own cost.

Economic freedom, in its fundamental sense, is analogous to political freedom and is part and parcel of it. It is rooted in the legitimacy of decision-making based on the will of the majority. A market is but an economic sphere where economic citizens—the buyers and sellers—cast their votes for one commodity or another in the form of buy or sell orders. Market price is but the end-result of this voting process. When markets are competitive, prices will reflect the will of the majority. When markets are monopolistic and controlled by a specific minority or a small group, the outcome will be similar to the outcome of Arab political markets—democratic in name and monopolistic in reality. This, I fear, is the current state of our market.

Large monopolistic shareholders, some of whom are stock companies, control the stock market in two essential ways—they influence the composition and efficacy of the senior corporate management and they influence stock prices.

I would like to advance the following proposal in order to deal with this complex and thorny issue.

Anyone should be allowed to own as many shares of stock companies as he wishes, and all shareholders should have a say in company management. This can be accomplished by imposing a ceiling on the number of votes that can be cast by individuals and families, regardless of the number of shares they hold.

As for minority control of stock prices through trades intended to influence pricing, systems and controls should be instituted to monitor such operations and punish those guilty of market manipulation. The Supreme Authority that I proposed earlier could administer those controls, which would also deal with those who, by virtue of their senior management positions with companies or other market institutions, trade on inside information that has not yet reached the market and other traders.

The Future

There is no doubt that a common concern of the people today is how to dispose of the shares they hold. They see that the market is deteriorating hour by hour. Do they sell or hold?

I, as a student of economics, have no answer for them. I do not believe that there is an answer to this problems whose assumptions and conclusions are based on economic logic and principles. This would necessitate knowledge of the pricing strategies and market movements planned by market cowboys.

Entering the market was not, in my view, based on considerations related to the economic fundamentals of stock companies, and so is getting out of the market.

Even though I cannot offer a yes or no answer to those perplexed shareholders, I can suggest action to calm the waters and open the door to fundamental structural, managerial, and legal market reform. That action includes:

- Reassuring the public that market authorities will take all the measures necessary to prevent a market collapse.
- Reassuring the public that market authorities are determined to take all the measures needed to create a new market climate rooted in free competition and in aversion to monopolies.
- Creating a technical commission composed of both government and private sector experts and businessmen, to be charged by the Council of Ministers with preparing a complete and integrated strategy for the bases and controls necessary to develop a better market.
- The authorities in charge of managing the market should invite shareholders and traders to engage in calm, constructive debate on how to steer the market away from the air pockets it has been experiencing, and thereby serve the national economy, as well as their own interests and the interests of other shareholders and traders. Such a debate, to be fruitful, should not be conducted in bureaucratic fashion or with bureaucratic logic.

Conclusion

Three nooses are strangling the Saudi stock market, restricting its movement, and lowering its resistance to economic and non-economic ills. Those three nooses are

management by government, the banking system, and the shareholding minority that owns a majority of market stocks. Freeing the market from these three nooses would give it a chance for vertical and horizontal growth and would enable to breath fresh air and take a new lease on life. It is not impossible or even difficult to remove those nooses, but time is needed for proper study, adequate preparation, and thorough implementation. People in the Arab world have lived on hope for very many years. I wish that we would, in this instance and in other fields, translate our hope into action or at least into a step in the right direction.

SUDAN

UN Called 'State Department Directorate'

93AF0284A *London AL-HAYAH in Arabic 10 Dec 92*
p 7

[Article by 'Umar Muhammad al-Hasan in Khartoum, Mu'awiyah Yasin in London: "Al-Bashir: UN is American State Department Directorate"]

[Text] Sudan's president, Lieutenant General 'Umar al-Bashir, described the United Nations as having become "a directorate in the American State Department." He said that a resolution that the international organization passed last week condemning Sudan for violating human rights "was not based on the organization's laws, statutes, and rules."

The Sudanese embassy in London accused the United States of having put extreme pressure on UN General Assembly members to force them to condemn Sudan for violating human rights. In a communique, a copy of which was received by AL-HAYAH, the embassy said that the United Nations itself had reached an agreement with Khartoum and rebel Sudanese People's Liberation Army (SPLA) factions to guarantee that food would reach residents of the Sudanese south, "meaning that the subject was no longer a matter of dispute."

Al-Bashir told editors of the official press yesterday, "Those who have spoken about hunger in Sudan know well that in the era of the National Salvation Revolution's government, our country has overcome the food gap and now feeds itself." He indicated that his government had cooperated with the United Nations in the three phases of Project Lifeline to transport relief supplies to famine victims in southern Sudan.

However the general secretary of the opposition Democratic Unionist Party (DUP), Zayn-al-'Abidin al-Hindi, who lives in Cairo, told AL-HAYAH that he had asked his party's Washington representative to inform UN Secretary General Butrus Ghali that he commended the resolution calling on Khartoum to respect human rights and halt the torture and extrajudicial murder to which the country's citizens were being subjected.

In a related development, Sudanese citizens in London, calling themselves the "National Committee To Celebrate the Anniversary of Independence," issued a statement saying that they had held a meeting at London's Sudan House in response to an initiative by some members of the Sudanese expatriate community. It was decided at the meeting to form a national committee to supervise the Sudanese expatriate community's celebration of the 37th anniversary under the slogan, "Let us work together for a better future."

The statement said that the committee wanted to be national, joining Sudanese "of differing political orientations and ideological views." According to the statement, the committee has decided to hold panels about problems of peace in Sudan, the national economy, and the Sudanese heritage. "Leaders of Sudanese society inside and outside Sudan and of differing political and cultural orientations have been invited to participate in these panels."

A list of committee members' names accompanied the statement. Among the most prominent were Faysal al-Siddiq al-Mahdi (brother of former Prime Minister al-Sadiq al-Mahdi), Lieutenant General Joseph Laghu, independent politician Ahmad Ibrahim Durayj) writer al-Tayyib Salih, Dr. al-Tayyib Abu-Sinn, and businessman Ibrahim al-Tayyib.

However, 'Adil Sayyid Ahmad, head of the DUP's branch in Britain, told AL-HAYAH that he challenged the committee to prove its national character. The committee, he said, "is a suggestion put forward by men of the ruling National Islamic Front (NIF) in London and is headed by an NIF financier. These people have exploited the need for national activity on the part of Sudanese expatriates not affiliated with political parties. Before the commemorative activities begin, people will discover that the government is going to provide the planning, the funds, and the facilities."

Judicial Cooperation Agreement With Iran Signed

93AF0284B *Khartoum AL-SUDAN AL-HADITH*
in Arabic 2 Dec 92 p 1

[Article by 'Allam 'Umar: "Judicial Talks Between Sudan and Iran Conclude; Yazidi Refutes Rumors That Iranian Forces Are Present in Sudan"]

[Text] At yesterday evening's conclusion of judicial talks between Sudan and Iran, a memorandum of joint judicial understanding was signed between the countries. Jalal 'Ali Lutfi, head of the judiciary, signed for the Sudanese side, while Ayatollah Shaykh Mohammad Yazdi, head of the Iranian judiciary, signed for the Iranian side. The two sides agreed that an independent judiciary is necessary to guarantee the extension of justice in accordance with the righteous precedent of

early Muslims. The sides agreed that Islamic shari'ah guarantees human rights and protects the rights of religious minorities.

The two sides emphasized the exchange of resources, judicial authorities, and experience and the exchange of visits between officials. They agreed to cooperate in international causes to confront the international arrogance that chronically intervenes in the internal affairs of countries and to encourage Islamic governments to apply Islamic shari'ah.

There was agreement on the need for an exchange of fellowships between the two countries' law schools and legal institutions. Both sides called for aiding the oppressed people of Bosnia-Herzegovina, Lebanon, and Palestine.

In a related development, at a press conference yesterday evening Ayatollah Mohammad Yazidi rebutted Western media claims that Iranian forces were present in southern Sudan. He stated that Iran had no military force in any country in the world. He said that such claims were intended to cause confusion and further [the West's] satanic ideas.

On the conflict between Iran and the United Arab Emirates over Abu Musa Island, Yazidi stated that Iran would allow no country to covet an inch of its territory. He explained that Iran's foreign policy was based on mutual respect, particularly with neighbors, and nonintervention in the internal affairs of states. He indicated that Iran has no intention for hostility or fighting any country.

The Sudanese ambassador in Tehran, Dr. 'Abd-al-Rahman Sa'id, said that what is happening in Bosnia-Herzegovina is a great conspiracy among a number of Western countries. He said that Sudan and Iran were working to get aid to Muslims in Bosnia-Herzegovina.

The Iranian delegation left Khartoum yesterday evening, returning to their country.

TUNISIA

REALITES Sponsors Forum on Economic Issues

93AF0322A Tunis REALITES in French
31 Dec 92 pp 1-12

[Round-table discussion moderated by REALITES journalists Taieb Zaher and Laroussi Amri: "The Tunisian Economy at a Crossroads: Is Economic Liberalization an Opportunity or an Obstacle?; first two paragraphs are REALITES editorial; quotation marks as published]

[Text] The spread of free-market ideas worldwide is blurring the borders between nations and causing many countries to view the traditional mechanisms used to protect national markets as old-school thinking. In Tunisia, 1994 will be a turning point when the domestic market will be opened up to all types of goods. How will

Tunisian companies react to the new climate of unrestrained competition? Will they take the shock well? Will the imperatives of competition force them to revise their strategies? Will they confine themselves to specific sectors more in line with their size and economic reflexes? Or, as all Tunisian hope, will they emerge strengthened and seasoned by it all?

To investigate this thorny issue, REALITES organized a round-table discussion, inviting company executives to express their views and define the parameters of the debate. The main lines of discussion included the need to establish a new concept of the company, a new relationship with the trade unions, and a new sense of what is meant by nationalism. Strictly on the economic level, however, some call for enhancing the technological capacities of Tunisian companies, restructuring Tunisia's base of industrial machinery, and converting certain companies to new pursuits. The financial component of all this is a sizable one as these various steps entail sacrifices on the part of the financial community, ranging from rebates and lower interest rates to exemptions from customs duties, and deferring taxes on companies for a period of several years, etc.) The discussion will help to shed light on these various questions, adding to the information available, but the issue remains open.

Introduction

In keeping with its longstanding tradition, REALITES took the initiative of organizing a debate of national interest on the theme of Tunisia's move toward liberalization, which will be completed—at least at the legislative level—in 1994. Given the concern felt by Tunisian manufacturers as they contemplate the introduction of foreign competition into our market, given the risks as well as the stimulating challenges posed by foreign companies that generally outperform their Tunisian counterparts, we thought it important to bring together Tunisia's economic officials and the presidents of some of Tunisia's most successful companies.

The minister of the economy, Mr. Sadok Rabah, was accompanied by his close advisers and officials from agencies that work with his ministry. Present at the round-table discussion were Mr. Mohamed Chaouech (director general for industry), Mr. Fethi Mardassi (president of API [Agency for the Promotion of Industry]), Mr. Ali Belgaied (president of INNORPI [expansion not given]), Mr. Labidi Barhoumi (president of CTMCCV [expansion not given]), and Mr. Sadok Nafti (an official from the ministry of the national economy).

The industry representatives who took part in the forum were Mr. Abdelhamid Fehri (CEO of Tunis Air), Mr. Abdelwaheb Ben Ayed (CEO of Poulina), Mr. Moncef Cheikhrouhou (CEO of Best Bank), Mr. Hamadi Ben Sedrine (CEO of Tunisia Shipping), Mr. Mohamed Fehry El Mehrez (CEO of Judy), Mr. Nouredine Turki (CEO of MSF [Bags and Netting Manufacture]), and Mr. Mahmoud Trabelsi (CEO of Microsoft).

Three broad themes were addressed. The first involved the challenges posed to Tunisia by the regional and international environment. The goal was to identify the threats to the future course of the Tunisian economy. Foremost among those threats are the tendency to form increasingly more powerful economic groupings and market areas, the slowdown in the world economy, and the uncertainties created by world monetary turmoil. In addition, there is the absence of worldwide regulating mechanisms and the increasingly evident interdependence of the world's economies.

The second broad area of discussion was the current state of the Tunisian economy, its strengths and weaknesses, its successes as well as its fragility. It was an attempt to reach a diagnosis so as to determine the measures to be taken and the recommendations to be made. Those recommendations were the third and final theme.

This frank and open discussion was thus an opportunity to take stock of the current state of the Tunisian economy. Mr. Sadok Rabah opened the discussions with an overview of the characteristics of the regional and international environments. The first is the uncertain outlook of national economies in the face of daily change and the rapid evolution of the international economy. The second is the increasing economic interdependence among countries, and the third is the emergence of increasingly more structured and powerful economic blocs.

Round-Table Discussion

[Sadok Rabah, minister of the economy] Let me begin by thanking REALITES wholeheartedly for taking the initiative to organize this forum on "the Tunisian economy's prospects in a changing world," in light of our move toward economic liberalization.

The forum promises to be interesting because it creates a basis for dialogue between the state, which has institutions of economic oversight, and major companies. Our discussions must seek cohesion because we are all pursuing the same national objective. The subject of international challenges is a good starting point.

Today, no country can afford to put its economic house in order without regard for what is happening beyond its borders. In all the structural changes taking place—some of them painful, some of them long planned—we are seeing individual economies joining to form larger blocs, against a backdrop of a growing trend toward free-market policies and increasingly greater openness to the world economy. We are hearing the international institutions themselves advocate openness and free trade.

We cannot shy away from that openness, all the more so because our country is simultaneously North African, Arab, Mediterranean, and African. Our entire history bears the mark of openness to other civilizations and to trade. It is therefore a centuries-old vocation. Today, we have proof of that fact in even the most basic figures.

The importance of foreign trade to the Tunisian economy and the importance of "free-trade mechanisms" reflect an openness to the world economy. However, we have noted that—perhaps due to the spread of free-market policies—all economies have entered a period of complete uncertainty, which began several years ago. That uncertainty is one of the characteristics of the world economy today.

That may be due to the general principle that now governs the world, the principle of greater openness. Many countries are finding it difficult to move into the next stages and assume the monetary, social, and perceptual consequences. The result is uncertainty about how to run the economy and how to proceed with the various stages. In addition to generalized uncertainty, the economies of the world are now more interdependent than ever before. Events taking place in certain major countries—magnified by economic, monetary, and commercial mechanisms—affect all the countries of the world.

The third characteristic that should be noted, in addition to uncertainty and interdependence, is the emergence of regional economic systems. The formation of economic groupings is an attempt to create order in the absence of any real system of global economic regulation. It is as though the free-market system has been left to its own devices, without any self-regulating mechanisms. This has created, among other things, a desire to form economic blocs to establish order within a wide area, making it possible to create stabilizing mechanisms in this system, which is tending to get ahead of itself.

A familiar example of such a grouping is the EEC, which is of paramount interest to us because that area accounts for 75 percent of our trade. But we recently saw the United States, Canada, and Mexico form a new grouping. In addition, we are aware that a southeast Asian zone is beginning to take shape. All of these groupings are ready to emerge.

Uncertainty, interdependency, and regional groupings are the three basic characteristics of the world today. How can our economy respond to these three major elements? How can we enact our domestic reforms so as to be able to make a place for ourselves in the world economy? How can we soften the impact of the shock wave that is traveling from country to country?

[Moncef Ben M'rad, not further identified] Is Tunisia capable today of reacting and responding positively to the challenges mentioned by the minister? Does Tunisia have the necessary legislation, economic structures, customs and financial regulations, do Tunisian businessmen have the right outlook, and are Tunisian banks ready?

Is Tunisia sufficiently organized, rational, and determined to withstand the coming shock that we—the consumers and the citizens of Tunisia—foresee? Such questions are being asked by the public, from the point of view of the impact on their lives. Already our children are unable to find work. Will there be jobs for them 30 years from now? Have the decision makers at all levels

conducted the studies and the analyses necessary to prevent Tunisia from crumbling with the rise of common market dangers, as the Asian, American, or Mexican powerhouses emerge?

What can we Tunisians do to meet these challenges?

[Hamadi Ben Sedrine, CEO of Tunisia Shipping] The free-market system is not exempt from obstacles or criticism. It was the ideal system at the point in history when collectivism and socialism were at their height. Today, it has been adopted by all countries of the world. The question that should have been examined is, How long does it take to establish a free-market system? The time frame is crucial. Do we have industries of the scale, level, and scope to take on the "behemoths" that are coming into the world? Do we have professionally minded people as opposed to dabblers? We need to focus more on in-depth specialization. Do we have the ability to co-create?

Also, we are inviting foreign businesses to come to Tunisia. But why not do the opposite? Why not encourage our businessmen to go to Europe and promote our food exports—our oils and canned goods, etc. That would be one solution to our economic situation, it seems to me, because it would provide an incentive for Tunisian companies to 1) bring costs down by cutting expenditures and overhead, and 2) improve product quality. We would then be able to perform as expected in the Eighth Plan.

[Moncef Cheikhrouhou, CEO of Best Bank] I will focus first on the problems created by the international environment. Tunisia opted long ago to open up to the rest of the world. In the beginning, Tunisia had to accept, rather than choose, the terms of that openness. Raw materials were exported and manufactured products were imported. Then, a qualitative change occurred in Tunisia's trade structure, initially thanks to governmental institutions and state-run companies, but mostly thanks to the dynamic private sector that came into being. Tunisia was increasingly able to choose, and not merely accept, that openness—at least until recently when certain data began to cause concern. Indeed, there seems to be a problem in the "passing of the baton" from the public sector to the private sector, from the state to the citizen, from governmental institutions to the marketplace, and that problem appears to be bureaucratic red tape.

Moreover, the baton was passed at a time of rapid change in the international context. We now live in a unipolar world, as one speaker mentioned, but it is more the result of a sweeping wave that is rehabilitating economic logic and institutional democracy where they had once been abandoned. Economic logic is reasserting itself: It contributed to the destruction of the social-communistic system, replacing it with the social-democratic model. It is also reminding the American model to be careful, as material well-being achieved through indebtedness is also contrary to economic logic.

Tunisia can view the revival of economic logic and institutional democracy as an opportunity or a danger. It is a danger if Tunisia relies on her foreign partners solely for bilateral aid, interest rate subsidies, and public funding; it is an opportunity if Tunisia chooses a model of openness in which the state offers planning and guidance, while a competitive private sector moves into the international markets and skillfully uses market dynamics to its own benefit.

But whichever alternative we choose, competition for limited resources at the international level will become more frantic. Grants and subsidized loans will not become more available, and that makes the second alternative the only viable one for Tunisia. In fact, the world can be divided into three poles that are attracting economic and financial interest. The first is the former communist bloc which is bluntly saying to the West, "Either you give us money or we will fall into chaos and maybe even return to communist dictatorship."

The second pole involves the developed world and the monetary problems caused by the large blocs within it. When you consider the fact that more than 1 trillion dollars (1.3 trillion, according to some sources) passes through the international exchange markets every day while only 200 billion dollars in material goods are traded daily, you wonder where does the 1.1 billion dollar difference go? So, there are market forces at work, sometimes with positive effects, sometimes with negative effects. The large groupings are attempting to find ways to make those forces conform to the rules of their economic logic. But that is draining energy and resources at our expense. It must be realized that Germany spent 22 billion marks a year on Berlin (prior to reunification) and now spends more than 240 billion marks a year on eastern Germany (more than 10 times Tunisia's gross domestic product). That is a very costly drain on Germany, not only for the Germans but also for the rest of the world in terms of dried-up resources.

The third pole—which is also our potential market—consists of the so-called emerging countries. It is interesting to note that countries on the edges of the Japanese bloc have been successful and those on the edges of the North American bloc (NAFTA [North American Free Trade Agreement]) are beginning to achieve success. On the edges of the European bloc, Tunisia (or the Maghreb, if God grants it life) stands a good chance of becoming one of the emerging countries, which are attracting a remarkable proportion of foreign investment thanks to the profitability of their companies. It is up to Tunisia to attract its share of capital in search of profitable investment in keeping with the laws of the marketplace.

[Abdelwaheb Ben Ayed, CEO of Poulina] I think that the challenges ahead of us are enormous and that they will multiply (...). The problem is to determine how Tunisia should go about expanding its industrial efforts. Partnerships, particularly in small and medium businesses and industries, have not yielded the expected results. As for the multinationals, they prefer to invest in countries that

offer a better tax and economic environment that we do. Europe, for example, outclasses us in the tax exemptions, economic conditions, and the technology base it offers.

In addition, the abrupt passage from an almost self-contained protectionist economy to a free-trade economy could be made smoother by allowing for a transition period of "apprenticeship" and "investment" in the "technology of competitiveness." In order to invest, an adequate profit or "surplus" must be generated. But the tax system is tough and the banks even more so. RBEs [expansion not given] are eroded by financial charges which, in reality, run as high as the rate charged for overdraft facilities (16 percent), because negative factors originating outside Tunisia force our companies to struggle every day to find ways of maintaining their volume of activity. The results, by the way, are often less than 16 percent of business volume, even before financial charges are calculated.

[Sadok Rabah] I believe that we must accept the fact that the world is changing and that, consequently, the only solution for a country like Tunisia is to adjust to what is happening around the world. We have no means of countering the major trends unfolding in the world. We in Tunisia, a country with 3,000 years of history, must assimilate the internationalization of the economy, the current period of uncertainty, and the formation of large groupings. For that reason, we must first agree that we must adapt ourselves. I don't know if it is still possible for us to close ourselves off! Many countries have done so, but I believe that we would be very wise to conclude from our own experience and from what is happening in the world that the worst policy of all would be to close our eyes to these international trends and the difficulties arising around the world. Today, it appears that the best possible path is to continue with liberalization.

The world has become one big laboratory full of experiments without any formula to follow; based on the history of each country, its strengths and weaknesses, and its culture, it is impossible to find the best formula that would enable us to enter the international circle and the world economy. Our adjustment to the world economy has not been sudden or hasty; we began the process in 1986. According to the forecasts of the Eighth Plan, we have another three or four years in which to complete our adjustment process. In all, Tunisian will have had almost 10 years to make the transition from a closed, local economy to one that is open to the rest of the world and able to work well with market mechanisms. We believe that a period of 10 years is enough to allow Tunisia—its government agencies, companies, and citizens—to adapt and to operate in the new international context of uncertainty, economic interdependence, and the formation of groupings around the world.

In my opinion, Tunisia should move in two directions simultaneously. On the one hand, we should take an aggressive approach—which depends not only on us but also on the compression [as published], the willingness, and the programs of others; on the other hand, we should

not subordinate our own development. In other words, we should simultaneously explore the UMA [Arab Maghreb Union] (and we are the most ardent supporters of creating a North African economic unit) while readjusting to what is happening in the world, in view of our national economic reforms.

We must learn from what is happening elsewhere, not only in countries that are isolated, that have experienced major failures, but also in countries that took the easy route over long periods of time and must now pay dearly on the economic and monetary levels. In a competitive world economy, economic rigor is practically the only approach that will bear fruit. Rigor is not easy, but it is definitely one of the least painful solutions. So, the only way to proceed is to learn from the examples of others, press ahead with a liberalization policy planned out over a 10-year period, and strive for sound fiscal management and economic rigor.

[REALITES] Is a 10-year period enough time for the Tunisian economy to prepare for the shock of liberalization?

[Hajji Fehry, CEO of Judy] In my view, the real challenge is how to achieve the goals of the Eighth Plan.

First of all, the economy is not just industry; it is also agriculture, tourism, crafts—the entire range of activities. Industry is only one of them, an important one, but the fact is that we do not have a tradition of industry. Manufacturers are a new breed who have yet to establish a tradition, hence the absence of any manufacturers capable of competing at present with their Japanese or European counterparts.

The challenge is to compete on the same playing field with a European. Ten years is not much time.

In Tunisia, our first problem is training. It is not true that there are well-trained people without jobs; there are people who have no trade—in other words, no training—and therefore no job, although that is not always the case! But the unemployment problem is more of a training problem.

[Abdelwaheb Ben Ayed] I think that Tunisia has more than a simple unemployment problem; there is a mismatch between jobs and professional skills. For that reason, the trend in this new era toward a reexamination of "occupational training" is healthy, but it will take time before improved training of sufficient quality and quantity is available to enhance our competitiveness.

[Hajji Fehry] In addition, there is the government bureaucracy! We ought first to ask who is responsible for the difficulties we are now experiencing. I think that the mind-set in our government agencies needs to change. Furthermore, the mass media—television, in particular, which has a direct impact on the public—barely cover the economic news. But since 7 November [1987],

despite the prevailing state of mind, the bureaucracy has begun to accept its responsibilities, and that it a good thing.

I would also like to mention the lack of quality in several sectors: Is there a real security plan? Who has adopted such a plan? Those are the questions that need to be answered first. Unfair competition has done little to improve matters. The Ministry of the National Economy should do what is necessary to put an end to unregulated commerce which works against our local industries. Information is not readily available to manufacturers. Where are the statistics? The Central Bank, the Institute of Statistics, and Social Security all have their own figures which are often not accessible to the manufacturers.

Before we can begin to talk about productivity, we need to change mentalities, we need to have a quality plan, bring production costs under control, and achieve reliable production parameters. I was told by a German official at the Tunisian-German Chamber of Commerce that "150 of the 169 German companies in Tunisia are satisfied with the productivity of the Tunisian worker." Why can't we Tunisians speak favorably of our own workers when they are doing a good job? Do we need to hear a foreigner's assessment first? Perhaps there is something else....

Another problem that is holding our productivity down is widespread absenteeism in our companies. Once, at my own company, 35 women put in for sick leave almost at the same time. Several days later, I noticed that 28 of them had the stain of henna on their hands. At first, I thought it might be some form of alternative medicine, but then I realized that these "sick" employees had been seeing to personal matters.

Taxes are a major problem for the governorate in Nabeul. Where there were once 150 joiners and carpenters, there are now 1,350, and it was discovered that two-thirds of them do not keep tax records. That is outrageous! At a time when we have social justice, which is the very foundation of democracy, it is surprising to hear of such behavior. What is true for that sector is also true of the other unregulated sectors.

[Moncef Ben M'rad] Aside from that, we should also discuss political risks. There is a risk that new movements will emerge and bring pressure to bear. The rhetoric of the Left and the rhetoric of the Islamists have not disappeared. Political risk can affect Tunisia's economy and industry. Some people do not see the point of economic reform and restructuring.

On the economic front, it should also be said that the manufacturers and the new promoters have problems with the banks that are reluctant to lend money, except to those who don't need it. Interest rates are still high. The banks seem have no temerity. The legislative environment and government agencies need to be in tune with the change that has occurred in Tunisia. But it is regrettable to see that it takes three months to launch a

project in Tunisia as opposed to 48 hours in the United States. The government bureaucracy must therefore make an effort to ensure the economy's revival.

On the social front, I think that the labor code turns employees into less than productive bureaucrats. The laws should be made more flexible to allow employers to hire and to lay off workers when they need to. A good employee is never fired!

The media also have a role to play. They should draw attention to the problems experienced by businessmen, particularly in this day and age when the soccer player is more admired than the businessman who generates wealth and employs hundreds of Tunisians.

Last, I believe that a "revolution" is needed in the way businessmen and entrepreneurs think, to better adapt to the new conditions that are coming into being. Attention needs to be given to what it takes to set up new companies. Seminars and meetings should be held on that subject.

[Abdelwaheb Ben Ayed] It is true that world economic events have drawn us into a process of change in which we want to avoid any mistakes. The new era that began on 7 November [1987] gave us confidence that we could effect change calmly, safely, effectively, and smoothly.

Opening the doors to international competition through free trade does threaten the viability of some, if not most, of our companies that may not have had sufficient time to prepare. The problem is that these companies employ a work force that must be preserved. More than that, they are expected to create jobs directly or indirectly. In short, labor stability must be preserved—for a while—so that the building blocks of economic efficiency at the international level can be put in place.

Southeast Asia, Europe, and the United States out compete us internationally and domestically. We will not be able to give them any competition until we have completed the work that the new era began: diligent government agencies, a banking system that is a supportive partner, a transparent tax system for greater social justice, incentives for investment in competitive technology, an untroubled labor climate founded on communication and constructive, consensus-building dialogue.

The political will has been clearly expressed; all echelons of the administration must fall in line. Do we need a grace period for "apprenticeship" of "mutual assistance?"

[Moncef Ben M'rad] The question we asked is very clear: Five years later, is our industry capable of meeting the challenges it is faced with?

[Hajji Fehry] It is possible to meet those challenges—under certain conditions. It will take acts of solidarity, understanding, and even a consensus between partners, in order to move ahead.

[Nourreddine Turki, CEO of MSF] Things have become difficult since the market was opened up to unneeded imports of anything and everything. Our industry still lacks a solid foundation, as the Gulf war proved. What is needed is sound management and a clamp-down on illegal commerce. During the short duration of the Gulf war, we saw the Tunisian economy crumble. Has our country, as it proceeds to open its doors, thought about preserving the companies and the work force that have been created? Most important of all, has the opening (two, three, or four years down the road) been thought through in terms of its repercussions?

[Moncef Cheikhrouhou] We have heard the minister address the issue of the macro-economic system very clearly. The reforms undertaken in Tunisia have led to a certain degree of success, and should therefore be pursued without let-up. However, it is more a question of Tunisia's companies, their ability to organize, to adapt, and to enhance their competitiveness. The state has made the right choice and it will help Tunisian companies to transform themselves and adapt to liberalization and free trade by staying its course.

[Afif Kilani, not further identified] We had a protected market for 30 years and now we are asked to take on international competition. I believe that the change was too abrupt and that industry managers were not prepared for it. We moved too quickly.

[Abdelwaheb Ben Ayed] In order to face the challenge posed by highly competitive countries, the businessman or manufacturer needs to have a favorable environment and be supported by the various intermediaries they must deal with. How can far-reaching change be effected without the support of such intermediaries as the banks, customs, shippers, etc.?

[REALITES] I think it would be interesting at this point to define the solutions and proposals that could be implemented.

[Sadok Rabah] Let me classify some of the subjects raised here today into three categories. The first consists of factors external to the company, in other words, the multifaceted environment in which a company operates. It is both desirable and mandatory that the environment be able to respond as soon as needed by companies. There is a need to synchronize the pace at which companies and their environment function.

The second category, which I see as equally important, consists of the company's internal conditions. I believe that if we want to achieve world-class productivity, we must examine both the external and internal factors. That has been a "taboo" question. I think that we must actually go inside the company and study its various components: its capital, its work force, etc.

The third category is the question of how the change should be overseen. How should the public authorities, associations and manufacturers organize so that we can effect this change collectively?

Of the factors that make up the environment in which companies operate, government agencies are always a target of criticism. I think it is important to take a close look at the work of the government agencies to determine what has been done and what remains to be done.

For several years now—particularly since the 1987 Code that spelled out what is expected of the government agencies—we have gradually been moving away from requiring that everything first be cleared through government agencies, and towards a system of freedom and initiative for companies. That is already true of investment. In Tunisia, all those who wish to make an investment can do so by simple declaration, except when applying for benefits which require review by the agencies concerned.

In Tunisia as well, it is possible to set up an enterprise in 48 hours. But the administrative procedures for creating a company must be distinguished from all the other institutions that work with a company. If, for example, financing poses a problem, that should not be blamed on government agencies.

A third point, the entire program of the ministry of the economy is proceeding in that direction: eliminating prior authorizations and accepting the system of contracting freedom and mere notification. It is now possible to engage in commerce in complete freedom; with the 1991 law, we are in the process of freeing up foreign trade. Almost 85 percent of products can now be imported freely. Since 1987, the goal has been to move toward a system of freedom, a notification system. The most difficult work remains to be done and it involves the way daily matters are dealt with, operational behavior throughout the chain from the formation of a company to the export problem, customs, harbors, etc. And that is where the greatest effort will have to be made.

With regard to the banks, I think that is another subject on which all sides must hear each other out. The banks are companies, first of all. They, too, must deal with competition and earn money which, in turn, produces investment and new jobs tomorrow. The bank is in a delicate position as well, because its job is to manage public funds, the citizens' money, and it must manage those public funds soundly.

There are many other ways of obtaining financing, and that is perhaps another facet of openness. All of us (government agencies, banks) need to turn toward new ways of thinking, toward new sources of financing, and not resort simply to indebtedness which is now revealing its limits at the company level. So, we must look beyond the banks and study the whole picture with a view to financing the economy, finding new sources of financing outside the banking system.

With regard to taxation, an effort to simplify taxes has been made. Companies have understood the message we want to convey: social justice and a transparent tax system. It should be noted that Tunisia has one of the

world's lowest rates of taxation, because we are concerned about protecting our industry. But it should also be remembered that the state has the obligation to provide funding for health, education, infrastructure, etc. It is important and useful that companies find another financing method, instead of demanding lower taxes.

[Moncef Cheikhrouhou] The Continuation and Acceptance of Reforms. We have heard a clear statement of the need for rigor in managing Tunisia's macro-economic equilibrium variables. But it is precisely because of those successes that we should plan to enact the needed reforms and changes. There are two types of change: change dictated by an urgent need or hemorrhage; and change dictated by past successes and legitimate ambitions. In Tunisia's case, the reforms that have been implemented are based on economic forces, and that must be consolidated. But it is important to note that certain things are not being done quickly enough.

A Better Image of the Company: In particular, the concept of the company has been given favorable treatment at the highest levels of the state, including the president—who initiated "Company Day" and paid tribute himself to several company presidents—and the ministries and high-level administrations. Unfortunately, however, within the bureaucracy, in day-to-day dealings, and on television that draws an audience of 4.5 million viewers every evening, the company head is usually mentioned only when he has a problem. The company is not often enough discussed in positive terms. Tunisia's decision to adopt economic logic—notice that I did not say a "free-market system"—was too slow to reach the decision-making bodies that fall under the governmental agencies. Things should have changed much faster than they did.

Companies will be made more responsible if their positive image is restored. Tunisian companies must reform. Aren't they now paying the price for not believing in the liberalization strategy announced by the state in 1987? They thought that the state was paying lip service to liberalization.

So, either we prepare for liberalization, or we will have problems. The fact of the matter is, we should be talking not about protection and the state's safety net, but exportation. Instead of hearing companies ask for protection against foreign suppliers coming into Tunisia, we would like to see them determined to capture new markets. It is risky for the Tunisian company of today and—even more so—of tomorrow to look to the state for a safety net. You cannot ask for more government and less government at the same time! That is an important point, because changes bring transformation and transformation means that one activity will be replaced by a more competitive and profitable activity—which the current tax legislation now allows whereas it did not do so before. Reinvestment of profits in the same line of activity is no longer strongly encouraged.

Government agencies and companies have come to this table today, but important voices are absent. First of all, there is the consumer. The consumer would like to have the lowest prices and the best quality. Then there are the citizens and trade union representatives. Tunisian companies must take that into consideration and should not count on the state to help them expand. Otherwise, the system would cease to function.

Reform the Banking System: Since the banks were mentioned, I would like to say something about them. Frankly, the conventional bank is not in the venture capital business! That is because the conventional bank is a depository institution. Would you ask your bank to take enormous risks with your money and not care if the money was there when you needed it? It is the duty of the conventional bank to finance safe ventures so that it can make your deposits available to you when you call for them. However, the Tunisian banking system could do more to help change along. There now are other financial institutions that carry greater risks and, therefore, a greater share of profits. I must say—begging the minister's forgiveness—that I am not happy with progress on that front! Progress has been too slow in relation to company needs, the needs of the economy, and successful tax reform. In fact, some civil servants and wage-earners have turned toward the stock market without finding jobs, shares, bonds, investment certificates, or other financial instruments. We need "banks" that are able to work at the promoter's level of risk, but using specific funds not connected with your deposits (or the taxpayer's money). The success of such banks would depend upon the success of the projects they promote, but in order for that to happen, Tunisia's stock market will have to be revitalized. The stock market is the way to reward companies for good performance—in other words, their profits—such that new types of banks—commerce banks—can survive and expand. The Tunisian commerce bank will grow only if the stock market does so.

Capture the UMA Markets: The UMA is our immediate environment. Trade among the countries of the UMA is still five to six times less than what it might be. Algeria was the main destination for many Tunisian manufactured goods. I think that we should all sit down together and collectively work out a system that will encourage Tunisian exports to Algeria and other UMA destinations. Who will take the risk of trading with our neighbors if we do not? For that reason, we have a responsibility to innovate. That is, not only the government agencies but also company executives must be willing to take some risk. We have looked into those risks with third parties, but it is obvious that Tunisia must find a Tunisian solution within the UMA by transcending the current political problems.

[Abdelwaheb Ben Ayed] It is true that the UMA countries are the economic springboard to our development and our gradual transition toward international competition. For example, our corporation did not hesitate to sign a 4-billion-dinar contract to build two egg hatcheries

in a neighboring country and we did not have satisfactory guarantees from that country or sufficient financing from our banks or a consistent margin on the contract.

But we took the direction wisely indicated by our government in opening up effective cooperation between North African countries with a view to a more fruitful future.

Nonetheless, this initiative carries many risks that could not always be taken. It is imperative that we come up with new formulas for conquering the UMA countries. What formulas? I am sorry to say that we have four experiences with South-South partnerships and have not had satisfactory results.

[Sadok Rabah] I think that the first task is to determine the new economic reforms to be made, those pertaining to the banking and financial system in particular. Once the commercial structures, domestic commerce, foreign trade, prices, and monetary system are liberalized, everything will function according to market laws.

That is a rational perspective; the doors must open. That can only be done by completing price reform and by reforming the banking and financial system. I believe that the wall separating the Tunisian economy and the international economy must be brought down.

Export companies find that their most of their products go no farther than the port of Rades or Sousse. The impression is that a permanent presence is needed in the port. Consequently, investors must be encouraged to invest abroad. They would thus acquire technology and access to foreign capital. We could export more capital goods. I am not so pessimistic about the future of our companies, whatever their field, even though planned investments are down slightly. However, investments in joint ventures have risen 42 percent this year in comparison with 1991.

The reason is that several European companies are seeking to broaden their horizons before the single market comes into being. It must be realized that there has been little domestic effort (particularly in technology, personnel, etc.). But tax reform has staved off many problems.

But that is not enough if companies do not abide by the rules. Companies must look to their internal resources if they are to adapt to the international context. Companies have an internal "battle" to fight, but it is not often talked about. The foreign press is aware of it and always tries to draw attention to the internal problems that are hindering companies and their internal means of improving their performance....

[Afif Kilani] But we, the manufacturers, are handicapped by the 1-percent tax for professional training, which does not properly serve its purpose, because young people are not being trained to match the needs of the work place....

[Sadok Rabat] Companies can do a great deal without relying on the 1-percent professional training tax. The company needs to take action of its own without looking to the state to intervene whenever there is a problem.

Tax reform, in itself, and all the incentives created by the state will be meaningless if companies do not enact their own reforms. Such reforms are very costly, but they work to the benefit of the company.

Several Tunisian companies have succeeded because of their good organization and better management. The others should follow suit. The legal and fiscal framework exists. New management methods must be found, rather than waiting for miracles to happen. Companies have a vast internal potential that has yet to be tapped.

[Hajji Fehry] You raised a vast subject—the subject of quality. As I understand it, the cost of a product cannot be brought under control unless the quality is there. Has anyone ever attended a workshop on the role of the worker in improving the quality of Tunisian products? Yet, he is the one who makes the products.

We have already initiated quality circles, although the state has not given enough inducements for every company to establish them. The sense of professional conscience must be stimulated. In my own company, we are motivated and we have instituted quality circles. There are no strikes and we place our trust in people! But quality circles can also be of interest to small and medium businesses, which were created by former government employees or private sector supervisors. It is imperative that quality be mastered, in my view.

In addition, I think that production costs should be broken down to determine what is earned. We would like to see labor laws made more flexible. All sides must be convinced of the need, but in order to convince the workers, meetings should be held so that they are more involved in the process. But there is more to the economy than industry; there is tourism as well. In Nabeul, we have discovered a new phenomenon: Tourists are buying not only handicrafts, but also textiles, shoes and other products. It is a direct form of exportation and it should be encouraged.

In addition, politics and economics must be kept separate. In the case of Libya, there is upheaval. I think a lasting agreement must be worked out with Libyan businessmen to prevent any problems from occurring as a result of any political decision that may be made. Morocco, on the other hand, is a country with a new outlook, determination, and solid structures. There are great hopes of doing things with Morocco. But we must not overlook the marketing effort and the aggressiveness it will take to defend our products.

[Zine El Abidine Ben Hamida, a student at ISG [expansion not given]] The University is functioning smoothly and we are willing to do our best to be the competent administrators you are seeking. But we have noticed that industry employs few managers in proportion to other

personnel, and yet there are technically trained people without jobs even though they are willing to relocate to the far south of the country or other remote areas if offered a job.

[Abdelwaheb Ben Ayed] I fully agree with what the minister said about the need for companies to "change" internally. But difficulties will arise in the actual process. Certain companies have accumulated "bad work habits" over the decades, such as "less-than-transparent" accounts and tax records, "nonobservance" of quality, and the "guarantee" of a protectionism that allowed for laxness in terms of competition. In addition, young graduates did not seek jobs in the private sector until 1987 and 1988 when the civil service addressed the problem of unproductive employment.

Therefore, a transitional phase should be allowed so that industries can make the transformation, as they must "change or die." No doubt, some companies, reluctant to change, will disappear while others—with a more professional outlook—will modify their management and production system so as to achieve the required level of competitiveness. Moreover, a period of apprenticeship and reorganization would make it possible to preserve labor cohesion inside companies. For example, there are about 350 plants in Tunisia that produce livestock feed. If the existing legislation (standards) were enforced and prices were brought in line with quality, only three or four of them would survive. I suppose that labor considerations are the only reason that the other 345 plants are allowed to continue to operate.

In addition, the advent of free trade means that quality must be respected. But it is practically the norm to cut corners, because a manufacturer cannot turn out products of "competitive quality" unless he has a large market (economic zone and economies of scale).

[Moncef Cheikhrouhou] Company presidents still say—and rightly so—that the less time they spend dealing with red tape and the government bureaucracy, the more time they will have for managing their companies and improving productivity. It is very important that the connection between the two concepts be made. With less and better government, more companies will come into existence. But it must be realized that when companies ask the state for help or protection, they help to create a more cumbersome bureaucracy, because government agencies are the mechanism through which the state delivers that assistance.

On the other hand, some of the state's roles should be expanded in the interests of the nation and the companies. The first is the role of strategist/guide of economic activity, as a partner to companies in their efforts to capture international markets. The second is the role of ensuring that the rules of the game are respected—in other words, enforcing the laws—particularly those which ensure competition. Competition ensures quality.

Let competition take its course; people will adjust. The rules of competition must be enforced. It is in the interest of companies to conform with the law.

I was very happy to hear the minister of the economy—accompanied by a learned assembly consisting of his top advisers who have come here on a Saturday afternoon (thanks to REALITES which I salute)—call for dialogue. I hope that this is the beginning of a dialogue that will enable Tunisia to achieve what other emerging countries have achieved.

[REALITES] To conclude this forum, we will turn the floor over to the minister for his thoughts about all that has been said here today.

[Sadok Rabah] I must say that the issues being decided in the world today are of great importance. Crucial decisions are coming up and they must be anticipated.

In 1994-95, the GATT negotiations—which we view as having capital importance—will come to an end. Consequently, there is no question of slowing down the reforms we have started or turning back the clock. We would run the risk of being caught unprepared when these important dates are reached, and that would be very serious indeed. We must squarely face the problems that arise and try to solve them on the basis of openness at the company level, cost control, and good management. The political, social, and economic transition is imperative if we want to be in step with the new international context of economic groupings and blocs.

Problems must be approached objectively, through broad consultations aimed at finding appropriate solutions. At the same time, we must choose the surroundings we will be working in. The company is a setting in which people who perform a service, consumers, bankers, and other important players all come into contact.

No one can guarantee anything to others. Each must rationally plan for greater future growth. Everything in this ever-changing world is subject to revision.

The important thing is to maintain cohesion and stability in Tunisia so that our companies can function properly and generate wealth. The solution to all your concerns must be found in consultations between the business owners' association and the labor union. The task is to find a basis for healthy dialogue. All the more so because the president of Tunisia attaches great importance to dialogue between the two and is anxious to foster the growth of Tunisian companies without any loss of social cohesion. This year, in fact, the president restored the positive image of the company. He made several decisions favorable to companies as a whole and devoted entire cabinet meetings to their problems.

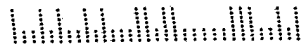
Finally, I would like to thank REALITES for having initiated this forum so that businessmen could discuss the problems they face with a view to proposing solutions that may improve the situation of our companies.

NTIS
ATTN PROCESS 103
5285 FORT ROYAL RD
SPRINGFIELD VA

2

22161

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.



This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal names and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Central Eurasia, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be

provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735, or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.