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NEAR EAST & SOUTH ASIA

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IRAQ

NEAR EAST

SADDAN HUSAYN ON DOMESTIC ISSUES

JN131615 Baghdad INA in English 1025 GMT 13 Jul 87

[Text] Baghdad, 13 Jul (INA)--President Saddam Husayn said that through sound management, incentives, and the application of innovative methods, production will certainly increase in terms of quality and quantity and economy prospers.

He added that public services should be so provided as would not create management burdens for the country, and stressed that it was high time to conjure up all potentials to make the forward leap that corresponds with the needs of the present situation. "This is quite feasible and it is certain to give more than expected," he said.

Speaking at an oath-taking ceremony on 7 June for the mayors of the provinces of al-Najaf, Maysan, and Karbala', which was also attended by the minister of local government, the president said that Iraq should import a certain good only if it became positively sure that such a good cannot be locally produced. He spoke of means to boost Iraq's agriculture and stressed that improving this sector requires reciprocal influence be among its various parts as well as among agriculture, industry, and economy.

The president stressed that innovation in tactics would eventually yield better results. He said that any scientific advance is, therefore, bound to positively affect the specialised technical standard as speciality falls within the context of the general and is not isolated. Speciality, accordingly, must benefit from the yields of the general and must never remain confined to its limited potentials, he stressed.

President Husayn added that it is not sufficient to define the state to be left behind towards the better. [sentence as received] There must be an accurate conception of our future objective and the course to reach it, he said. All the prerequisites should be secured and priorities decided if objectives are to be reached, he said.

The president added that life rejects ready-made prescriptions. Likewise, it rejects that commitment to principles converts into rigid formulas and theories into suffocating procedures that impede progress and interaction with the developments of life as life is in constant move. Those who fail to move will tumble and be trampled over by the advancing march, he said.

President Husayn also stressed the role of popular surveillance saying that that must be a clear vision of the course taken. "When there is this clear course in which the people have full confidence, popular surveillance will certainly be very effective," he said.

Have you comrade minister of local government started abolishing sub-districts which were introduced haphazardly and without prior scientific or practical considerations?

A rash tendency in this direction had once prevailed. However, it was all a matter of changing designations to get more municipal facilities and so many villages were turned into sub-districts merely for this purpose.

If that is so, we can provide municipal facilities without burdening our country with all these designations with all this administrative burden and the ensuing commitments. It seems that those who do not know how laws are made keep tottering in life. People want services and this is why they cling (to such demands). Therefore, they suggest turning a village into a sub-district. They keep putting forward their demand once or twice until it is accepted. If one of us had asked the people why do you want a sub-district? The answer would be to have a school or a clinic of certain type built, and to have municipal services such as water and electricity or to have roads surfaced.

We should have told them that such services would be made available without turning the village into a sub-district. Why make it a sub-district with a police station, government staff, etc. If the change of name is merely intended to provide municipal services?

A district should remain a district and if a sub-district is to be raised to this level for municipal services, then we would say this sub-district deserves this kind of services provided in a district without changing its name into a district, or we could apply such considerations and name the services required for this purpose. Why should we opt for expansion by introducing sub-districts and districts thus adding administrative and financial burdens?

I once visited Jurf al-Sakhar which I had seen once before but did not take notice of what was going on at the time. Despite the fact that at the time I did not see any indication of the existence of a community up to the level of a sub-district in the true sense of the word, I imagined that people would later assemble around the center of the sub-district in order to form a sub-district in the generally recognized manner. However, nothing of the like has happened and during a recent visit to this sub-district, I found it as it was before: a few houses around the centre of the sub-district.

Someone might say there are significant reasons for making us cling to such expansion in increasing administrative units and these include the services offered to the public by sub-districts such as nationality cards, death,

marriage and divorce registration and other municipal health and educational service, etc.

In the past, the people in the countryside did not at best own more than a horse. They used to ride donkeys on their way to government offices to follow up their official formalities. Now, however, everything has changed.

Therefore, instead of building in a sub-district a clinic lacking a lot of equipment and requirements, why should not we replace it with a health centre run by a health officer to treat minor cases such as cuts, scratches, or headaches. And why shouldn't we consolidate health services in the district by providing its hospital with all physicians from abolished sub-districts. Anyone suffering from a certain illness would then go to the district to get an excellent medical treatment. Wouldn't such a measure be far better than spreading such service over a large area which would eventually make it less efficient wherever it is uneconomical? This would be like a baker overstretching the dough to make the bread larger. Holes would then appear in the middle and fire would burn it as it is naturally growing thinner which would make it useless and uneconomical.

When we speak about sub-district and districts and how these expanded inappropriately and not in accordance with correct economic and social considerations we remember other issues which need correction. Some economists or officials who we entrust with assessing the economic situation might believe that the best and most proper economic measure lies in cutting expenditure on projects and reallocating funds to development projects in the light of certain priorities linked to a certain stage. In fact economic views are not confined to such measures nor is the greater responsibility in economy limited to this treatment. This is merely one of the fields (of economy) as this does not always lead to an increase of financial returns in a comprehensive and actual manner. Restricting all other aspects to this view might cause harm to the development of resources and this would lead to serious economic losses for the state. There is a need for covering wider fields than those we have already mentioned.

Hence, boosting and developing agriculture requires expanding the scope of reciprocal influence between the parts of this sector as well as between agriculture and industry, between it and livestock, between the latter and industry, between exchange of hard currency and whatever might lead to prosperity and higher and better agricultural or industrial production, and between all these and the expansion in services offered in rural and urban areas.

Spending 250 million dollars, for instance, on imported animal fodder in the present circumstances is unwarranted and uneconomical even if contacts have been made on a deferred payment basis. The mere thought of the components of animal fodder would make us allocate a sum of money in Iraqi currency to encourage the production of maize, soya beans, and so on, thus ensuring the production of these components inside Iraq and boosting agriculture and living standards of Iraqi farmers. When we are unable to meet our need of

animal fodder by local production, we would then allocate the foreign currency required to import it. This would be a correct economic measure because the mere search for markets that accept deferred payments for animal fodder is uneconomic. Proper economic measures do not only lie in the mere distribution of money allocated but also in measuring the part in the light of the whole and taking into consideration the whole in the light of its parts and their particularities and needs.

Therefore, paying attention to agricultural services for example is much better, economically, than the mere allocation of certain funds to import animal fodder. This should include paying attention to agricultural pesticides and to improving seeds.

Leasing state land for farmers in accordance with Law No 35 of 1983 and asking them to plant cotton to meet our need of cotton in industry wholly or partially is a sound economic measure which is far better than merely saving some money by trying to reduce the price of cotton through negotiations with the foreign suppliers.

Hence, manufacturing the whole or an essential part of the ammunition we need is much better than distribution of resources between agricultural and industrial projects. This is in addition to obvious national and strategic considerations. When we save billions of dollars through Iraqi military industry by spending only 100 or 200 million dollars is a correct economic measure which would be much better than getting ammunition at preferential prices through contracts with various parties.

For a further explanation we give another example. The general social policy as viewed by our party and by the Great July Revolution is to leave aside any formula or policy or measure that might create and exploit wealth power which would exert pressure on the people, control their life, restrict their freedom and decide the role of the people in their life. In economic activity, laws and policies, such a fact sometimes is observed, sometimes it is not. The correct procedure depends on, among others, balance of thought and practice and on the seeing the whole when dealing with the part. If we imagine that taxation, direct or indirect, is the sole element in striking a balance between harmful and normal aspects of a private economic activity we would cause harm to our economy which would reflect badly on investment, production and the general economic activity. It would also diminish the volume of prosperity which is one objective of our socialist economic policy.

If we believe that the progressive tax on income as part of direct taxation is a magical key to strike a balance between the necessary economic activity and necessary restrictions on its outcome to evade the accumulation of harmful wealth we would be seriously harming our economic prosperity. Such harm could be described as economic depression as a result of such measures.

When the economy is in state of depression it would reflect badly on employment, wages and would consequently limit economic activity. It would also reflect badly on the level and outcome of final tax. Sometimes this

exceeds what progressive tax on income would lead to increasing the resources of the Ministry of Finance.

We do not ignore the role of taxes in this direction. But unless we control taxation so as not to undermine taxpayer's desire for making business and increasing the volume of economy in general. This will inevitably greatly harm economy in general. This harm would eventually afflict the society and social strata that are more revolutionary. It would also harm the state budget because recession in the volume of economic activity would lead to recession in the volume of financial returns as a result of a drop in the tax revenue.

By activating industry in quality and quantity through spending hundreds of millions of dollars we would be acting in a more economic manner than merely trying to find markets compatible with our ability to pay so as import what we need. In this way we would save billions of dollars for our country and create an industrial revival our domestic markets would flourish and enhance to living standards of the Iraqis.

Similarly direct and indirect advantage would be felt through reducing the number of sub-districts, districts, health centres and hospitals and also cutting down on administrative systems in the Armed Forces and in the state departments in general.

The economy is a basic and vital life vein, therefore, it should not be viewed from a partial point of view or as a specialised field because such a view would deadlock the economy in bottlenecks.

Means of transport and communication have developed and have the citizen's abilities to own their vehicles. Hence, we can now move a patient from his village to a nearby district. Therefore, public services should be gathered in districts rather than dispersed in subdistricts, for some time, and leave things to their circumstances.

We would then spare the employment of sub-districts administrators and save on expenditure and buildings to accommodate them. Similarly heads of authorities would be spared as would their expenses and headquarters. The matter is not only linked to direct expenses but in fact every administrative instrument should have matched its size and extension. An equation would surely be wrong when there is no harmony between the size and the length of a body. For movement would be slow and where an administrative annexation extends in length its movement tends to be slow. This is a law of life. Even the movement of a long snake differs from that of an adder. When movement is slow, action would be restricted and ineffective. But when administrative extension is brief, action would be stronger.

I would like you, minister of local government, to submit a monthly report on this issue. In this report, you should say whatever measures you say whatever measures you may have taken. I have already defined preliminary measures in my official letter to you on important aspects of this issue. But I also gave

you a choice. However, for a speedy result I told you to first abolish any sub-district that has been set up without having a sufficient number of houses or people in a certain radius. That is, I have offered you preliminary facilities to help you with your task. My instructions have been based on a realistic basis of most Iraqi sub-districts I have visited and have seen by myself and left you with the choice.

There are some serious questions to which we must draw attention. Certain civil servants and officials lack seriousness dealing with contracts to implement projects or to purchase goods particularly when they think of facilities of the deferred payment.

The deferred payment does not mean that these projects or purchases are free of charge. It is in fact a financial commitment which should be met and our immediate step is only part of this commitment. When the state commitments became heavier leading to an imbalance with the ability of the state to repay according to schedule, this would prompt others to set more complex terms--which would inflict some losses on economy and other well-known financial organs. This could also lead to unacceptable terms from a strategic national point of view. Besides, it is a financial commitment which should be honoured. Therefore, we should not go on with projects and purchases on the deferred payment basis. What we should do is activate the national efforts, improve quality in the mixed, private, cooperative as well as socialist sectors. We should always remember that economic recession is the worst state that the economy of the country could reach. It would also cause great harm to the society. Activating projects and economic activity in general through spending with Iraqi currency in the light of a balanced view is better than freezing them or placing them within the restrictions set by foreigners on the deferred payment basis.

The policy of deferring loans and halting the execution of projects would lead the Iraqi economy to the most dangerous pitfalls. Therefore, the correct policy is to pay those debts that can be paid and to activate the national efforts as we have said to continue the process of development in domestic currency and to save whatever hard currency available for other areas accordingly.

If the private sector in our country is not active in industry, agriculture, and public services, and if the socialist sector does not show serious activity in the light of an integrated and profound economic outlet, our socialist buildup would be a burden on the society rather than of help.

If the leadership wants to take a decision with strategic or social objectives regardless of how economic such a conduct might be this would be something else because a political decision is linked to the vision of the leadership through its comprehensive outlook towards life and society.

If the leadership wants for instance to sell masks against chemical nuclear attacks for half a dinar each and make the factory lose half a dinar it is a question of strategy. But if someone wants to set up a factory or engage in

any kind of economic activity he should work upon pure economic bases. This applies also to the private sector. The amount of profit is the basic objective of setting up such a factory and should be measured according to the appropriateness desired in this or that sector, this or that kind of activity in comparison with the return of investment in other economic activities. The return of investment in trade is compared with the return of investment in the contracts, for instance. Therefore, profit should not be less than interest in commercial banks. But if we find that a certain factory is losing, we must consider the issue and relate their real causes. And if we find that all our endeavours to shore up the situation are useless, we should close down this factory without any feeling of regret because as a means of economic production it is finished and is no longer fit for investment. It is more sound economic view to lose the factory and ignore it than to continue with a losing economic activity which will continue to lose if it remains in action.

We have issued a decision providing that nobody would be prosecuted about imports without involving foreign exchange under any conditions, and nobody would be asked, for instance, "Where did you get this money from?" Nevertheless, nobody has so far imported any goods and it was clear that they are afraid of prosecution by security services.

The security services have obviously performed their national duties as they have been entrusted to or in accordance with their view of their responsibility of serving the homeland and the society. But we should say here that man's relation with life does not depend on a one-sided track but rather on a two-way one: back and forth, give and take, make profit and lose, sacrifice and gain, ascend and descend, that is not only gaining nor only losing and not only going forward.

A strategic [person] is someone who makes his calculations on profit and loss not on the basis of isolated items, but rather on the overall outcome which could lead all branches and sidelines and parts forward. A non-strategic person wants profit from every move he makes and so he loses in all. Our ideology in defining the motives of activity for the private sector has not changed.

Even Ba'thists within the private sector may not ask themselves at the start how they could serve their country through working in the private sector before they decide their economic and social activity within this sector. Individuals working in the private sector view their activity in the light of a number of considerations. In the forefront of these considerations they think of how to improve their own lives and how to make more profits although it does not negate the direct and indirect relation with intentions and results to be placed in the interest of the homeland and the people.

In any case, thanks to patriotism, these individuals can still serve their country whether by being asked by the state or through the initiative of many honest patriots in the private sector. Any one entrusted with manufacturing certain goods to serve the homeland he will certainly do as asked if it is within his potential. But when he is not told to do so and when he opts for

agriculture he will do this according to his own desire and conditions within the context of a special, social, and economic span of development. That is, he will first seek his own desire--would it be for being to go to industry or agriculture or trade, in the public sector or in the private sector. Then he will choose whatever he is inclined to or whatever he thinks would gain him more profit.

As for the private sector which has not been brought up to consider the national interest, it would seize all opportunities available to make profit at the expense of the state and the society. It will always remain so.

So if the state believes that it wants the private sector to prosper without any form of shortcomings or deviation, then such a private sector does not exist because it is not possible to establish a private sector without any losses. But if we have to examine the whole process and see whether this type of private activity is profitable for the society not only to those directly involved, then we would consent and make things easy for the private sector despite the possibility of mistakes and deviation. We could accept this loss estimated at 10 percent, vis-a-vis a profit of 90 percent for instance. The outcome will make us winners.

Now for example we have cut down on administration in the state and we will have redundancy in civil servants. What is the solution?

We have two essential solutions together either we expand state activity that is adding new activities and establishing 15 factories instead of 10 and to increase such and such activity because it has more staff than its five factories for instance, or to activate the private sector to make it accept redundant civil servants and tell the later, "Do you wish to be moved to the private sector or to a certain department after learning a new profession? You are a specialist in agriculture but we do not need you here. You are needed for a certain other job and you will get the same pay, do you agree? If you do you are welcome."

If such a person does not agree, we will then tell him to go to the private sector and this is one advantage of the law turning government workers into civil servants. In accordance with this law, no longer are certain professions linked with a certain kind of civil servants or certificates, rather work depends on a number of essential considerations including the resources and ability to take up the job. A holder of a doctorate (Ph.d) degree or somebody else employed at the vegetable oil department are equal. They are both civil servants. This one will operate an old water pump and the other will dig on his side so as to make the ferry cross to the other bank, each paid in accordance with his qualifications.

But if a holder of a doctorate (Ph.d) degree or anyone else refused to work for the state and left his job we are no longer responsible for him. How can we create jobs in the private sector? Should not we activate the private sector to take in such a man so that Kazim and Muhammad who own a big farm and need a specialist in agriculture to do some research and offer counsel, would

employ him for a higher salary. He himself may take on an agricultural venture for his own account in accordance with the laws in force including renting state land. But if there are no prosperous farms such a man could be out of work. Here lies the benefit of consolidating private activity in industry, trade, services, and other fields.

From now on, the state should not embark on any uneconomic activity because any activity in any field which is supposed to have an economic return--excluding the Police, the Army, and the Foreign Ministry or the like--and does not make such a return must be ignored. All officials have to pay as much attention to economic affairs as to political ideology so as to make a clearer picture of life. They must study and at least read on article a day on economic issues. They should view economic phenomena, describe them, define them, and relate them to primary factors as they do with social and political phenomena. Otherwise we will not be able to build up a developed society or to be leaders of such a society. The aspects of development in society obviously lie in economic prosperity and advancement in all fields and sectors whether socialist (public) or private or cooperative or mixed.

Gradually, we should remove secrecy from all discussions and ideas which do not lie within the meaning of secrecy in its modern and developed outlook. We should inform the people so as to make them interact, innovate, know what they want, listen to us. Therefore they would learn from us and we would learn from the people when they criticise us and when they give us an idea that we had forgotten.

Then we will see that we will make leaps and bounds similar to those of a leopard and a deer unlike the slow movement of a tortoise in heading forward.

Our country has scientific and technical resources and in some of these there is a great deal of experience which we could accelerate quickly. And then we would not be taken by surprise to see that we have achieved an increase in production by a rate which at times exceeds 100 percent. Such a result has not been realised by any advanced nation because they have already moved to high levels of production, development, and quality in a progressive non-stop manner and in accordance with economic measures that make their projects highly profitable. Our start and our conditions at present have never been in a similar position. Therefore we always find a gap between what is possible and what is existent, between the present as it is and how it should be like, between the technically designed quantity and quality of production at a certain plant and its actual production which is lower in quality and quantity than the designed level of production. We also find that operating a plant for one working shift may not be a convenient formula of a country living in a state of war for 7 years. Hence we see that Sweden, France, England, and Italy may develop their production in quality and quantity by a rate of 2.5 percent or 6.5 percent annually while we can develop our production by a rate of 100 percent or more or less in this or that field including agriculture and industry. Hence, the leaps in military industry when the ability, potential and sound process of work were realised within the span of only a few months.

In the light of this and other considerations some advanced countries might not need a leadership in the way Third World countries do. A leadership may not be able to deduce from results and rates of development what it does when it plays a stimulating role in Third World countries. Leaderships in Third World countries may also move big steps backwards when they hesitate to play their role as they should or when they make a deviation.

Moreover, moral considerations play a bigger role than that of increasing production and improving its quality in Third World countries in comparison with similar cases in the advanced world. Here, we can explain how within a few months an increase in production of mortar ammunition was realised from 300,000 shells a year to 5 million. Such figures cannot be recorded in the advanced countries of the world because such countries cannot go down to the level of our industry on the one hand and because the moral consideration, as we have just said does not play the same role as it does here in Iraq on the other.

This basically means that logically and practically we had not made utmost use of our resources but rather we utilised only part of them and based our work on this part and produced 300,000 shells. But when production increased to 4 or 5 million in 2 or 3 months it is beyond any definition, why? This is not because we are intelligent beyond the human level though I believe as you well know that the Iraqis are among the most intelligent of the peoples of the world. We have said this and based our convictions in this regard counting not only on the present of Iraq but also on what has been accumulated throughout history, as far as the Arab history and that of Iraq are concerned. This accumulation is bound to make the Iraqi people one of the most intelligent people for as this people is the most ancient why shouldn't this people be one of the most intelligent peoples if not the most intelligent.

The Iraqi people has carried human and national messages deep in history since the start of its first ever civilisation 6,000 years ago while any other country with the oldest civilisation does not date back to this time. So if this is what we were and which is true why should we not be equal to other peoples now? By equal we do not mean legal human equality because this may be vulnerable to loss or may be achieved within certain conditions and resources. What we mean by equality is the ability to work, create and innovate because without this ability the legal base for human equality and political independence would be threatened or it would remain a mere frozen legal base incapable of expressing its essence concretely.

We are not sitting under a tree eating its falling fruit. Our civilisation is 6,000 years old and that is the age of civilization since man started to organise himself and be responsible within the context of community to establish state, enact laws in accordance with orders, prohibitions, and applications. Everyone works in a certain way and knows his rights and duties. Being like this, why should we not be among the most intelligent?

Now we go back to answering the question why the increase in military plants production from 300,000 shells to 5 million should not be measured by others'

measures when it has appeared as if it were an extraordinary case. The main reason that the people working in these plants at the time had not used their minor resources to the extent that they should have. Those in charge of this industry had not been able to mobilise the human resources up to this level. But when they realised the necessary awareness hereby the intellectual and physical potentialities were mobilised production increased not only in this field but also in other fields to mark extraordinary leaps on Iraqi or international level.

From these factors and reasons altogether we can understand the increase in production in our country, we can also understand why the Japanese, British, Polish, or Swedish people increase, production by rates of 6.5 or 12 or more or less and cannot increase it by the similar rates to our own.

By applying proper administration, creating incentives and allowing for new factors which has not been taken into consideration in the past nor dealt with at the same level of accuracy, production would rise with better quality and would give the results that we have achieved. This would set examples which we have talked about to others so that our level would reach the sound standard required. Then the annual rate of increase would be in accordance with an already set standard in one way or another because it has been based on well known factors that have given fruition when applied and used before. At any rate, development of methods would lead to positive and good results. Hence any development in the general scientific standard would positively reflect on the special technical standard because any particular case comes within the context of the whole and is not isolated from it. Such a case, consequently must benefit from the yields of the whole and must never be confined to its limited resources.

I once asked an officer whether our losses now are more than the losses sustained in the Second World War or the opposite. He said that the losses now are more and cannot be compared with similar losses sustained in World War II because the weapons used in the Second World War were less sophisticated, artillery was with a smaller calibre and higher than their counterparts now, etc. This was an incorrect answer. Another officer on a different occasion gave a correct answer. Why was the former's answer wrong and the second's correct? The reason is that the former limited this answer to comparing the weapons used in the Second World War with those used in the Iraq-Iran war. For instance, he did not attempt a broader view of progress in its more comprehensive sense including those new technical and intellectual facilities brought about in terms of defense and attack that will make armies' losses less than those they would sustain if they are left to attack or to defend themselves against the other weapons without taking into account the anti-weapon measures or the facilities provided by developed civil life to mankind.

Despite the fact that a spade remained the means by which a soldier can dig out a trench for combat purposes, mechanical excavators of various types as well as other means have been placed at the disposal of the soldier before and after engagement in battle to provide him with a defensive position that will reduce the effects of heavy artillery shelling. This is not much more

effective than what the soldiers in the Second World War used to face. The highly sophisticated anti-aircraft weapons did not make the effect of aircraft in the battlefield much greater than what it used to be in the Second World War.

The examples which we have mentioned do not all come within the concept of weaponry such as the mechanical excavator and the use of steel and concrete in a defensive position and the use of mechanical excavator in defensive embankments to assist defence against armour. These are not military industry either but are developed means which exist in civil life and which could be used in their own particular field. Otherwise, a branch may remain isolated from the tree and a particular aspect would be isolated from the whole or would not develop as it should.

There are genuine resource in Iraq but the war has made us turn our major weight to fighting trenches and for a long time. This made us unable to put a balanced weight towards developing our production and our economy in general in quantity and quality.

Despite the efforts made by our comrades, it seems that some of them who did not have a comprehensive vision of life, as they should, when they deal with economy and did not have a wider and more comprehensive vision of the economy in treating one branch of economy. This is why working people were not able to raise production to a record that they should set. But now it is time when the brains, resources and conscience are fully mobilised to make an advancement fit for Iraq and meet our present and future needs. This is quite possible and the results will be far better than expected.

Despite the conditions of war, most factories used to work one shift while theoretically they are quite capable of operating three working shifts and practically they could work for more than one shift. Hence, why do not we operate our factories for two shifts instead of one? Also, if this is possible in theory and practice why do not we operate our factories with utmost capacity and full time? Is there a better reason than the conditions of war to apply this method of operation and work?

Hasn't [it] been said in the whole world that three working shifts are possible? When should these shifts work? When we divide working hours into 8 hours for each? Is there a situation more demanding for three working shifts than the conditions of war so as to produce blankets, sandbags, or arms or toothpaste if this is needed for export? While we work one shift now and ask about production, the answer is that it is by a rate of 35 percent of designed capacity or a rate of 62 percent. Why do not we operate full designed capacity in two shifts? What is the national motive for a Japanese or a Czechoslovak which makes him produce more than the designed capacity while the same motive is denied for the Iraqis in war conditions or even in peace time? Other countries are not threatened with occupation nor are their people under threat of losing their honour integrity or to be destroyed or that their country might become like Lebanon with people fighting each other until they are finished.

If what happened in Lebanon had happened in Iraq. God forbid the Iraqis would have finished each other completely. Shouldn't we then mobilise all our resources to the utmost?

Are we not an agricultural country in need of water pumps for irrigation? Do we need water pumps only during the war or do we need them for the future? The answer is we need them for the future because the Tigris and Euphrates will remain forever and even if they dry out, God forbid, we would make up for the drought by the rain reserved in the western desert of Iraq or other areas, and this would need water pumps to extract the water to the surface. So why should we import such machines while it is possible to manufacture them here? Aren't we spending millions of dollars every year to import them? Why do not we manufacture cars which we will always need? Weren't we able to manufacture a car that is better than the Brazilian Volkswagen car.

It seems to me that we are able to do so particularly as we manufacture more complicated machines such as vehicle and personnel tracing radar in the no-man-land and before our defensive lines as well as artillery and other weapons and equipment. This kind of radar is one of the precision instruments manufactured by advanced countries so those that are able to manufacture such instruments should inevitably be able to produce a Brazilian Volkswagen car?

In our state departments there are cases which we can call false qualifications. We found this in the armed forces at the start of the war and we found this in our campaign to improve the production to quality and quantity in the civilian state departments. Such kind of people may be described as those with eloquent tongue. They are able to choose their expressions and learn them by heart but in practice they offer nothing and in fact most of them fail the practical application tests of theoretical principles.

The pretext used by the military men among those people before the war was that the Iraqi Armed Forces had not been put to the test of a long war against an outside aggression but the war abolished this pretext. As for civilians of the like they used to be covered by the long and complex procedure, and relations in the state organs particularly such as the unnecessary procedures and relations between the centres of production and higher decisionmaking bodies and the denial of authority for the people and organs concerned when these heavy covers were removed and authority was put within its correct conception and area the real efficiency emerged and isolated the false ones.

Exposing false qualifications is not a target by its own but rather a step to making everyone take the role he deserves up to the level he is able to reach. Thus, Iraqi human resources, instead of being confined to the limits of lower degrees can move upwards so as to play national role in all fields. When some people rise to leading positions undeservedly whether to action or in intellect, our country loses a great opportunity and injustice is done not only to those who deserve a leading role but also on the people who would bear the consequences of something for which they were not responsible. The people would be facing efforts and actions lower than what they really have had they

been provided with leaders capable of directing and putting to use their latest physical and moral potentialities.

Our responsibility is not confined to processing the resources available, rather it lies in setting of these resources creating and organising them. Therefore, we are responsible for increasing and raising the resources of everyone including those with false qualifications. At the same time however we are concerned with arranging the scale of responsibility and awarding the position to those who deserve it to straighten up our affairs in a better way. Hence he who can run for one kilometer should be treated in terms [of] authority, care and position in line with this distance. Similarly a 100 meter runner should be treated in the same manner.

The process of life does not start after 1 kilometre but rather with the first step beyond the zero line. Therefore, life requires all dimensions, steps, positions, and this is not a burden nor a defeat. It is rather a description of a sound human step which cannot be abolished whatsoever. Here, failure is when capable and qualified people do not get what they deserve as they should while others receive more than they deserve.

Another failure is when we do not consider qualification or degrees obtained as a relative case and that every society has its own measurements in the light of its conditions that lead its developments. Therefore, the standards which we have reached now do not totally satisfy our aspirations and when we compare these standards with those of the Japanese, Italians, or British, we will find out that there is still a large gap between us and them. What is required to bridge this gap as soon as possible so that we will not only genuinely express our human status and immortal heritage, but also be able to live a sound human life free of subservience, and despotism.

In the light of these standards we need scientists in mechanics, physics, mathematics, astronomy, medicine, engineering, and we need geniuses in the art of the war and in drawing up war strategies and furnish the requirements of a proper application of these strategies. We need those who collect empty cartridge on the battlefield and bring them back to military industrial plants to be refilled. We also need construction workers and unskilled labourers, however, our standards and our aspirations are not of a low or a medium level with regard to the scale of qualifications rather they are of the highest level.

What is today regarded top of the scale should rise to higher degree so that it would become higher in the standards to be set in the future. What is accepted now in the minimum level will not be accepted in the future and the comprehensive state which we have reached now should be measured so as to ensure a better state for us in the world and for our national and human aspirations without any feeling conceited or looking inward and retreat in the face of the idea that such a level is unattainable.

In the light of these principles, you should rely on God and I am absolutely confident, as I trust sanctities, that the Iraqis are crossing over to the

other bank or rather they had already done so. The question now is to establish a firm foothold on the bridgehead at the other bank to hold firm and expand it so that the counterattacks would not make us pull back because moving backwards after crossing differs from pulling back before crossing if we are allowed here to use a military metaphor.

Rely on Almighty God and have confidence in your people and you will find all encouragement from them as you have lived within their ranks and in fact you are part of it. We are all part of this people and we live so as to serve it. Power has not distanced us from the people, but on the contrary it has brought us closer to them because it has given us an effective means to serve them and their interests. It has enabled us more and more to get informed of the concerns of this people, their problems, aspirations, and resources. When you assume responsibility you will find more than you expect of the goodness and interaction and treatment of your people. Of course you might find that some are not cooperative enough but even this kind of people, with the exception of those whose psychological treatment lies within our responsibility, I would say would be grateful to you when you show them their mistakes. They might get angry at the first time but after a few weeks or months or years they will soon come to you expressing their gratitude for showing them their mistakes in certain issue.

As for what you have said and that the people now argue with you and take my speeches and statements as evidence in their arguments, I would like to say that I mean it to be this way. In fact, I had intended to be this way since the early days of the July 1968 revolution and since 1969. I meant to let the people understand the true line of the Arab Ba'th Socialist Party.

In the first stage, I intended to make the Ba'thists understand the basic line taken by the party because at the time there used to be an involvement with some that were linked to the party. They were within the ranks of Ba'thists in the Revolution Command Council, in the party leadership, in the state cadre and in the party cadre for the revolution made them line up with its course without enabling them to deeply affect its true essence and without giving them an opportunity to effect a set-back.

At the second stage, I wanted to get the help of the people against you. In this I do not mean to express doubt of the decency and straightforwardness of my comrades or their conscience because the arena of struggle is bound to show this and we have the best record of their action concerning the loyalty to their people and the services they have rendered to their people and supreme cause. In fact I wanted the people to make use of my words and my conduct so that nobody would come and tell them the opposite or act in a contradictory manner claiming that is the line adopted by the party. The people will then say, "Either Saddam Husayn is not a Ba'thist or your behaviour in such a manner is not a Ba'thist one because we have heard Saddam Husayn himself and have seen him act in such a manner concerning that certain issue and he is the secretary general of your party. Why then do you act in such a contradictory manner?"

In this way we are activating the people's control and its role in the society because such control would not be effective if the course followed is not clear enough and not made publicly. When the course is clear enough and made publicly to the people and when the people are convinced with this course, a better application of peoples control would be available.

At this stage, we need to apply the theory of work more than we do when talking about principles in its general context because the principles of our party have been sound right from the start. What is required now is to fill this stage with applicable data and that the cadre and those in leading positions should be prepared to put the decisions into practice when an official with a capable mind issues these decisions properly. For, when we talk about socialism we have to say how it should be applied in domestic and foreign trade, in industry, agriculture, public services, banks, and so on.

Our enemies now have sunk in generalities, one of them Rafsanjani, who is seen by Zionists and imperialist circles as the cleverest of them, went to Khomeyni and told him, as he had said, that they need a faqih [Islamic theologian] "To tell us how it worked. So would you please tell us how [to] enact laws."

When Rafsanjani came out of the Khomeyni headquarters, he said the question of laws is the responsibility of the imam and none but the imam is responsible. That is he wanted to [tell] Montazeri that the latter call for enacting laws cannot be done without someone to be called a faqih. So Rafsanjani went to the imam telling him that this was part of his responsibility and that the imam should decide and his pupils should implement what he decides.

In this way the enacting of laws was placed on the big turban of Khomeyni while he (Rafsanjani) emerged without any relevant responsibility in as much as their understanding of responsibility which is based on humbug [and] making conspiracies against each other is so concerned when they tell Rafsanjani some day that he did not enact laws for life and his action was mere talk he would say "I am a man and not ayatollah. I am only Hujjatullah. I wait for the Ayatollah (Khomeyni) to show me how to enact law." But where he can find this ayatollah to tell him how to issue laws?

This is one of the drawbacks of the Third World in general where there is a lot of talk and too many slogans but no ability to formulate decisions or to apply them in accordance with other laws and measures. Hence, we have to express pity for the many leaders in Third World countries. Description of the conditions which should be changed is not enough. What is really required is to describe and define soundly and accurately what we want to change, and to view soundly and accurately the desired alternative, to set the means of change to the desired alternatives, to make available the resources required, to prepare the means and conditions, to identify priority in accordance with the roles and available resources and to rely on God to cross over to our desired target. By describing such a state, formulating its methods, identifying the means and specifying the forces to perform the task by these alone you would [be] in a position to cross over to the desired target. Otherwise there is no other alternative but to remain in conditions of misery,

poverty, and deterioration. Both cases could be given an extremely accurate description and by both we mean the rejected and the acceptable cases. But you would continue to work upon an unacceptable case while the acceptable one remains beyond your reach unless you prepare the means, the potentialities, and the forces charged with implementing this task.

Thanks be to God that our party has not been impotent either ideologically to provide solutions or practically to rectify error with practical and intellectual courage and with flexibility of execution. Similarly, we do not live in a closed shell.

Our comrades have a high level of understanding and preparedness. The things we have done are such that if other revolutionary movements had attempted they would have suffered division, losses starting from the top leadership and from the senior cadre down to lower organizations and formations and even to the people.

But thanks to God when we faced the most difficult problems we find the leadership is firmly united and both the cadres of the party and the state are intact while all are enthusiastic.

In the measures we have taken to cut down on the state bureaucracy on the administrative level and the abolishing of state authorities and merging of departments we find that those involved by these decisions did not lose their balance. One may find perhaps that some were a little upset or that they did not wish such a decision had been issued. But when they think of it and recall their Ba'thist principles, conscience, and minds as Iraqi they would then say that all these decisions are correct. They would ask themselves why should they commit the mistake of opposing these decisions or trying to be troublesome or show lack of enthusiasm over the application of the decision and why should they themselves be part of the process.

We have made things easier for those who want reform or try to find it and we have said that all that we have abolished now was created at an earlier stage by our own will but these have taken place in a certain stage while we are now in the process of another.

Brothers, let us all get the honour of the new stage. We have not said that such measure was made by the reasoning of this or that certain person. We ourselves are the leaders of this course. We shoulder the responsibility of the past and the present, what is right and what is wrong, and we all rely on God in choosing the right as it should be.

Many friends in socialist countries including the Soviet Union express admiration when they speak with our comrades and when they get acquainted with our current experience of modernizing the state, express its national and socialist will with proper forms cutting down on state bureaucracy removing the extra bodies of administration and reducing red tapes. They also say that they themselves have started a process of change for the better and that their affairs now run in a good manner albeit with less speed and accuracy than

achieved in Iraq. They say that the difficulties they are facing are serious while in Iraq the major part of these difficulties has been done with and life is going smooth and normal without any serious losses.

In our reference here to the socialist countries we do not intend to make a comparison between our experience and theirs because the case here does not allow for such a comparison. We do not intend either to get a recommendation from anybody for the essential recommendation comes from our own people and as long as our own people are content and enthusiastic for this experience the proper ground has been prepared.

Similarly, we have no intention to make others take the lead from or copy our experience because this experience comes within the context of its own national and Arab conditions. Only its spirit and general principles may be appropriate for human relations outside of the Arab world.

We have only made this reference to underline the fact that patriotic and national experiences have windows to open up to humanity regardless of particularities and that they affect or get affected by the world to a certain degree. When the world is in a good shape such experiences will reflect positively on our own causes because life doesn't accept ready made prescriptions nor does it tolerate the consistency of principles would turn into standstill or frozen state of affairs, and methods. [sentence as received] Theories of action should not be turned into fatal doctrines which would impede forward movement, interaction, and dealing with the new data. Life is in continuous move and those that stop will fall down on their faces and be trampled down by the feet of those who are heading forward, hence any slowness in meeting the requirements of life would not create the spiritual and intellectual charge reached to stimulate the people for performing a certain level of action.

On this occasion we would like to commend the socialist countries at this stage for developing the means of expressing socialism in such a way that would make it compatible with those principles of life we have just mentioned. We would also say that a lot of time, sacrifice and efforts stand between them and these targets because their experiences have moved ahead to a level--which permitted us to say that--and continued along what themselves termed as mistaken lines for a long time. But it is possible to achieve success in the end because the steps intended for changes respond to life.

Gorbachev and the leaders of socialist countries in general who are trying to effect the change for the better will be faced in their own countries as well as the West by problems and obstacles. This is because the West is not scared by rigid or hungry socialism or backward production in quality and quantity because these do not pose any rivalry to the West. In fact some of these aspects are a bad example which drive the people away from socialism. The West fears socialism which satisfies the needs of everyone. It fears the socialism that is developed in movement and in production, flexible in its relations and coping with the needs of life. Therefore the West will try to resist by all means the profound changes in this direction wherever possible.

Gorbachev, the active and highly developed young man with all future expectation he has over 20 more years of leadership to come will remain a source of concern for the West which will do all it can to weaken him.

A developed socialism capable of achieving a surplus in production would compete with the West in its own markets placing the Western theories in embarrassing position and might force a change of this theory. The development of socialism of the East in the light of the points we have just mentioned and the West adaptation in economy and politics to these new developments might in the end benefit the humanity and international peace in the way that we desire and seek.

The West does not want communism to leave its confines and to open up because opening up would actually cause embarrassment to capitalism.

A socialism interacting with life and responding to developments and characterised by deep insight causes embarrassment to capitalism that is virtually closed. From a human point of view, it is quite useful that communism should develop in this direction because then capitalism would be forced to get rid of harmful aspects which exploit man besides other new factors.

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CSO: 4400/234

ENGINEERS UPGRADING SOVIET TANKS FOR CHINA

Tel Aviv HA'ARETZ in Hebrew 21 Jun 87 p 1

[Article by Sha'ul Tzedaka in London]

[Text] Israeli military engineers are working in China, secretly installing improved parts manufactured by the Israeli military industry in hundreds of Russian tanks. The Israeli presence in Beijing was initiated by the government within the framework of the cooperation developed between the two countries in the past few years. This report comes from the TIMES of London.

The Chinese Foreign Ministry yesterday denied the report. A ministry spokesman told the AP correspondent: "There is no such thing."

Citing Israeli sources, the TIMES wrote that the Israeli engineers take the long route flying to Beijing, staying only within the air space of friendly countries: Denmark and Thailand. At present 24 Israeli experts are said to be in China. They spend 3-month tours of duty there, working at armament plants of the local military industry. They install Laser systems, firing systems, and guns designed to improve the Chinese armored corps beyond recognition. The Chinese armored corps relies on the same type of Soviet tanks as the IDF.

The Israelis have upgraded the performance of the T-55 and T-54 in the Chinese armored services, and are replacing the 100mm guns with 105mm guns. They are also installing a special stabilization device which allows the gun to stay on target even in difficult field conditions. The spare parts for the upgraded tanks, which are manufactured in Israel, are shipped to China on freighters leaving from Eilat.

According to the newspaper, the Arab states are aware of the secret military ties between the two countries. An Egyptian purchasing group which recently visited Beijing was surprised to find tank shells bearing Hebrew markings. Israel is filling a vacuum in China, which was created by England and France's unwillingness to sell sophisticated parts for fear that they would be copied and mass-produced.

12782
CSO:4423/41

SECRET TOURISTS ARRIVE FROM HUNGARY

Tel Aviv MA'ARIV In Hebrew 25 May 87 pp 1, 2

[Article by Dan Arqin: "Under a Veil of Secrecy, a Group of Hungarian Tourists Has Arrived in Israel"]

[Text] Shrouded in mystery and refusing to open up to the media, a vanguard unit of Hungarian tourists arrived in Israel yesterday. It consists of an organized group of 29 tourists from Hungary, all Jews, who will remain in Israel for 10 days and visit the major cities. Apparently, 23 more Jews from Hungary are due to arrive today via Athens. Altogether, the Hungarian group will consist of 52 people.

It was hard to engage the Hungarian Jews in conversation. They were very moved by their first visit to Israel, but had difficulty or refused to express their feelings. Also, only the young people spoke English, whereas the older people do not know any foreign languages except for a few sentences in German. "I am very happy to be here," one of the group's members said, despite his wife's insistence that he not speak or give his name. Another woman who was with him, when she heard that it was a conversation with a reporter, said immediately: "We feel great. Things are good for us in Hungary, and everything there is just fine."

The head of the group, Georgi Vamush, agreed to speak for them all.

"Half of the group consists of older people, 65 and over," explained Vamush, who arrived in Israel with his wife and his father, "and the rest are young people, professionals. All of us are Jews from Budapest." In answer to the question of how a group of 52 Jews was organized for a trip to Israel, Vamush answered that it was arranged by a travel agency in Budapest.

The Hungarian tourists were welcomed at Ben Gurion Airport by two representatives of the travel agency Histour. Several of the tourists expressed satisfaction at the fact that many Israelis travel to Hungary. They said: "Hopefully, many Israelis will come to visit us."

9348/9190
CSO: 4423/35

NEGOTIATIONS UNDERWAY TO IMPORT OIL FROM CAMEROON

Tel Aviv HA'ARETZ in Hebrew 16 Jun 87 p 6

[Text] Israel is on the verge of signing an agreement to import crude oil from Cameroon, Africa. The negotiations for the oil imports were conducted over a period of several months by Paz, the largest energy company in Israel. One of the possibilities considered for the deal was that in exchange for the imported oil Israel would sell industrial equipment to Cameroon, particularly in the area of communications.

The deal was scheduled to have been signed in its final form at the beginning of the month, but was delayed because of the change of management at Paz. The negotiations with Cameroon were conducted by Eytan Raff, the former chairman of Paz, and Arye Levy, general manager of the company. Raff refused to finalize the deal when he learned, at the beginning of the month, that he was to be replaced by David Hago'el. A visit to Cameroon's capital Yaounde by a delegation made up of the Paz general manager and senior company officials was cancelled because of opposition on the part of the company directorate. New Paz Chairman David Hago'el is at the moment abroad, so once again the deal cannot be finalized.

The first contacts leading to the agreement were made in August 1986 during former Prime Minister Shim'on Peres' visit to Cameroon. Peres had been accompanied by several businessmen who established contacts with local counterparts. Cameroon is one of the major oil and coffee exporters. In recent years it has tightened its business relations with Israel, and foreign press reported that Israel sold Kfir and 'Arava aircraft to Cameroon.

So far Israel has been buying oil from three major suppliers: Mexico, Egypt, and Norway, as well as on the spot market. Cameroon is the first additional country in years from which Israel wants to buy crude oil.

12782
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RELATIONS WITH AFRICAN NATIONS DESCRIBED

Tel Aviv HA'ARETZ in Hebrew 22 Jun 87 p 9

[Article by 'Akiva Elder, Ivory Coast: "When the Tom-Tom Drums Died Down"]

[Text] In honor of the guest, the men's choir of Togo sang in Hebrew, "Do not worry, Yitzhaq Shamir, you will feel at home." In countries in which the personality cult is an important part of the overall experience, the celebrants would have found it difficult to believe that at home he has never been treated to this kind of song and dance, headlines, and honors. During that week, the prime minister felt that after years in which Israel was allowed into Africa through the back door, now the front door was begging to open to Israel.

A very senior official in the Ivory Coast unequivocally told me that following the lead of the African extremists and breaking relations with Israel in 1973 had been a grievous mistake. He could find no purpose in that OAU decision, which caused the Ivory Coast's ungrateful behavior toward Israel. Nevertheless, the Solel-Boneh company continued to build marble and glass edifices in Abidjan and broad avenues in the new capital of Yamoussoukro as if nothing had happened. But there was something dishonest and unnatural about the protracted absence of overt political relations between the two countries.

The official reason for the OAU decision of 1973 has long since disappeared. In a speech to the legislature on the eve of the visit, Togo President Gnassingbe Eyadema said that Israel and Egypt have exchanged ambassadors. It would be strange, the president pointed out, if states that distanced themselves from Israel because of the war with Egypt should continue to uphold a decision that has become obsolete. It is possible that Egypt's slow but steady return to the Arab fold constitutes a sort of signal to black African leaders to the effect that even the Arabs no longer view relations with Israel as a capital sin.

Libya reacted to the renewed relations between Israel and Zaire by breaking its diplomatic ties with Kinshasa. For a long time now it has been trying to return its ambassador there, but President Mobutu is in no hurry to accept him. On the other hand, President Houphouet hastened to praise his young Togolese neighbor for his decision to join the club of four. The prime minister's legal adviser, Arye Mekel, who accompanied Shamir on his meetings

in Africa, said that recently a pro-Israeli faction has emerged within the OAU, made up of leaders of the countries that have renewed relations with Israel. Shamir heard that the influence of this faction is increasing.

The prime minister expects that 1988 will see a massive return of black African countries to the pattern of relations they had with Israel in the good 1960's. His latest tour of that continent, which had no precedent since Levy Eshkol's visits 21 years ago, perhaps gave the go-ahead sign. African press, radio, and television carried daily reports about the Israeli prime minister's shuttle on a special plane between the various capitals and his meetings with their leaders. At a time when western countries are abandoning that poor continent--because of either despair or lack of interest--Israel met with gratitude for the honor it gave Africa, a rare commodity these days.

In order to continue enjoying American aid, Liberia was compelled to agree that the United States soon send 17 officials to manage the country over the heads of the local system. The drop in coffee and cocoa prices are forcing the Ivory Coast, so proud of its independence, to ask to have its debts to western banks cancelled.

A Liberian woman carrying one baby on her back and one in her belly settles down in the mud of the market with her meager merchandise: two coconuts; a palace carved in Italian marble, with ceilings imported from Morocco, six meat courses for the luncheon of the entourage--those are some of the images I carry from Africa. Liberian President Samuel Doe did not forget to flatter Shamir on the modest government decision concerning military relations with South Africa. He himself lives in a palace in which one entire wall sports a drawing of the stabbing of former President William Tolbert by his successor.

Houphouet spoke to his people about the need to tighten the belt because of the slump in the cocoa market, while continuing to build the new ghost capital at the tune of billions of dollars. Even the most enlightened among black leaders and the most popular with his people has yet to adopt the norms customary with western democratic regimes. Painfully and unfortunately, it would seem that many more years of suffering and inertia will have to pass before that happens. Black Africa has shed the yoke of the white man, but freedom from slavery has not freed it from poverty, illiteracy, malaria, and recently, the terrible AIDS.

This is the Africa that will welcome Israel, if indeed the English-speaking countries decide to follow in the steps of their "francophone" sisters (except for Liberia). Gabon, the Central African Republic, and little Equatorial Guinea are already in line. However, it is Israel who is not prepared to pay their entrance ticket for them. Since the dam has already been broken, Jerusalem can afford to be somewhat choosy and even stingy in its relations with black Africa. From now on, cold economic considerations will also be taken into account; for example, during his visit, the prime minister turned down an offer of renewed relations and an immediate visit to Gabon in exchange for an Israeli credit line.

Israel cannot even marginally cure Africa's ills, and the embassies' flight in 1973 gave it an excuse to thin out even what little it was doing. Most of its

activities are concentrated in the building area, mostly luxury buildings. The presence of Brigadier General Giora Rom, deputy head of operations, in the prime minister's aircraft attested to the importance of another export area. In this respect, Shamir is not among the choosy ones, and he had no special problem approving renewed military relations with totalitarian governments and cruel leaders (Doe in Liberia and Eyadema in Togo).

If indeed we are approaching a breakthrough in the relations between Israel and Africa, we would do well to prepare suitable tools well in time. We heard in Africa about agricultural instructors who were almost not taken advantage of at all, and we saw inexperienced ambassadors, ill-suited to fulfill the complex missions entrusted to them. Once the sounds of the tom-tom drums and the welcoming songs have died down on the airports of Togo, Cameroon, Liberia, and the Ivory Coast, we can begin to prepare the groundwork quietly, thoroughly, and realistically: where is it worth having a resident ambassador, what is the economic basis for aid, and here and there we can even think in terms of justice and morality.

12782

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BALANCE OF TRADE DEFICIT TO INCREASE DRAMATICALLY

Tel Aviv HA'ARETZ in Hebrew 22 Jun 87 p 5

[Text] Israel's trade deficit may increase this year by \$400 million, and not by \$1 billion, as had been forecast, if certain imports restraints continue to apply and if exports continue to increase, as was the case in the past month. This was stated in a report done by the office of the deputy director general in charge of economic affairs at the Finance Ministry, Ruth Loewenthal, and submitted to Finance Minister Moshe Nissim.

The document states that if this forecast is indeed correct, Israel's trade balance deficit will come to \$2.8 billion by the end of 1987. This forecast is optimistic compared to the pessimistic one which was submitted to the finance minister a few weeks ago, according to which the trade balance deficit was expected to increase by \$1 billion in 1987. Treasury officials explained that the disparity between the two forecasts was due to a change in trends and a faster increase in Israeli exports in the past few months, against the background of somewhat reduced imports. However, it was stressed that in the past month the level of imports remained high as compared to the first few months of 1987 and the same period last year.

Finance Minister Moshe Nissim yesterday reacted by saying that for the time being there was no need to curb or limit imports to Israel. "Administrative measures to reduce imports will not work. Despite the 10 percent reduction we achieved in January this year, in the wake of which we expected imports to drop, that did not come to pass. On the contrary, imports rose at a high rate as compared to the period preceding the reduction."

Nissim added that despite the 1 percent interest raise in February, consumption and credit increased. In view of the fact that those steps did not contribute to reducing the consumption and imports, there was, in his opinion, no point in restraints or other measures that could well disrupt the stabilization. Nissim also said that he was not considering any devaluation in the near future, as that might lead to instability and accelerate inflation.

12782
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SEPHARDIC LEADER CLAIMS END TO DISCRIMINATION

Tel Aviv MA'ARIV in Hebrew 19 May 87 p 2

[Article by Roni Hadar: "There Is No More Discrimination Against Oriental Jews"]

[Text] At a gathering of hundreds of guests from Israel and abroad, including President Haim Hertzog, Histadrut Secretary General Yisrael Qaysar, ministers, Knesset members, and Nissim Gaon, the president of the Sephardic World Federation, opened the World Sephardic Federation last night at Makabiya Village in Ramat Gan.

"At one time, it seemed that a communal disaster was threatening us, but in retrospect, it appears that the crisis was a passing matter which is part and parcel of the matter of establishing a new society in Israel," said President Hertzog. He went on to talk about the work of Oriental Jews in Israel. He proposed to the members of the Sephardic Federation that they serve as a bridge of peace with the Arabs living in Israel and with the orthodox and the secularists.

The president of the World Sephardic Federation, Nissim Gaon, emphasized the fear of defeat in the "serious campaign ahead against the assimilation of Diaspora Jews which is being played out every day in the form of intermarriage. It is up to the Sephardic communities scattered all over the world and the Oriental community to serve as a barricade against this phenomenon."

Aharon Ozen, president of the Israel Sephardic Federation, believes that "there is no longer any discrimination in Israel aimed at Oriental Jews." He and his friends will present a request to the president of the federation, Nissim Gaon, for the massive recruitment of millionaires and Jewish entrepreneurs from Arab countries who are now in the Diaspora for the purpose of hitching them up to big economic initiatives similar to the American economic initiative.

The communities of the World Federation are scattered all over the world. The largest after Israel includes the communities in France, South America, the United States, Canada, and England.

The 370 delegates representing 23 Oriental communities will try, over the next 3 days, to crystallize a new approach for cooperation between the Oriental communities in Israel and those all over the world. The Federation will also consider the Oriental Jews' involvement in absorbing Russian Jews. It will also decide about transferring the central office of the World Federation of Sephardic communities from Geneva and London to Jerusalem.

Aharon Ozen is returning satisfied, knowing that "discrimination is no longer practiced in Israel between Sephardic and Ashkenazic Jews. Fortunately, this chapter in the history of the settlement of Israel has passed away. We have chiefs of police, IDF commanders, ministers, and Knesset members. A stratum of the population which, in the past, was underrepresented in government institutions now fills the majority of key positions in the country, including two deputy prime minister positions."

Ten years ago, an agreement was signed with the Zionist Organization and the Jewish Agency. According to it, the Sephardic Federation would cease its independent activities in the Jewish world and would function within the framework of the Zionist institutions. A department was established to deal with Sephardic communities, and all the independent fundraising drives would be united with the Zionist establishment in Israel and abroad.

Ozen does not think everything is just fine. "Today we only receive \$2.5 million annually, while the budget of the Jewish Agency is \$60 million. This situation cannot continue."

Ozen says that the time has come for the Zionist establishment to stop maintaining a department for Sephardic communities and to give them a bigger budget to finance activities of the Sephardic communities in Israel and all over the world in keeping with their position. "If not, we will take steps in the direction of an organizational split from the World Zionist Organization and the Jewish Agency."

Ozen hopes that we do not get to that point and that the doors within the Zionist establishment will open up for Oriental Jews.

Participants in the conference include organizations of immigrants from Morocco, Libya, Tunisia, Egypt, and Syria and a committee from the Mugarbi community in Jerusalem and the Sephardic community in Jerusalem. There is even an organization of immigrants from Ethiopia. All together, there are 23 organizations which carry on daily activities in Israel.

The first meeting of the Sephardic Federation took place in 1924 in Vienna, Austria. In 1954, the second Sephardic World Congress was held in Jerusalem. At that time, Sir Sobah Montefiore, a descendant of Moshe Montefiore, was elected head of the Congress. In 1972, the multi-millionaire, Nissim Gaon, was elected president of the World Sephardic Federation.

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MISMANAGEMENT IN ZIONIST FEDERATION DESCRIBED

Tel Aviv HA'ARETZ in Hebrew 18 Jun 87 p 11

[Article by Gid'on Alon: "Zionist Federation Under Criticism"]

[Text] For 4 years, David Avio served as head of the Sephardic Communities Department of the Zionist Federation [Histadrut Tziyonit]. He enjoyed a status comparable to that of a cabinet minister by virtue of his membership in the Zionist Directorate. About 1 year ago he disappeared, after suspicions began to emerge about financial irregularities in his department. Avio went to France, and from there to Canada. He informed the chairman of the Zionist Federation, Arye Dulzin, of his resignation and quit, leaving behind a long trail of corruption and ostentatious waste. Examining the 1985-86 report of the the Zionist Federation comptroller, Mrs. Ranana Guttman, which was published yesterday, one senses that something very basic has gone wrong with the norms of behavior in customary use at the Zionist Federation.

Each year the Zionist Federation allocates over \$500,000 for the budget of the Department for Sephardic Communities, and \$250,000 for the World Sephardic Federation. It was found that most of the expenses listed in the country and abroad were in fact allocations to various bodies, particularly to branches of the Sephardic Federation in Israel and overseas. "The initiative for the allocations came mostly from the department head," wrote the comptroller, "and were based on personal decisions; they did not belong to any clearly defined or comprehensive program of activities." The recipients were not requested to submit financial reports on the uses to which the allocations were put.

Thus, for example, it turned out that Avio used the program "Seminars for Foreign Activists" to transfer some \$24,000 (out of a \$31,000 outlay) as an allocation to various bodies in the country and abroad, instead of holding the seminars. The allocations were awarded without any written statement as to the uses to which the recipients were to put the money. Under the heading "Seminars and Events," various bodies received \$38,000 (out of \$54,000 general expenditure) as allocations. Managerial expenses included 5 days of per diem for Avio's assistant, who had gone to Canada on a private visit. Her flight ticket, too, was paid by the Canadian Sephardic Federation, and a lecture she was supposed to attend never took place.

The heading "Joint Activities with Various Organizations" featured a \$9,500 allocation to the Sephardic Federation in Israel. Another \$4,500 were transferred from that box to a Sephardic religious school in Jerusalem. Under the heading "Europe," \$6,000 went to the Sephardic Federation of England, but were in fact used to cover the fare to London and hotel bills there for Avio, his wife, and his children. Most of what was described as "Seminars and Events Abroad" was used to funnel allocations to federation branches in various parts of the world. The Canadian federation won the fattest share: some \$14,300.

The heading "Miscellaneous Expenses," which totaled \$48,000, included a \$15,000 loan from the Zionist Federation to David Avio for the purchase of an apartment.

The comptroller determined: "In several cases we found that per diem expenses had been paid twice to the department head for his trips abroad. Thus, he submitted hotel bills for payment to one of the federation branches abroad, without ever telling the cashier in Israel about it, so that he received full per diem, instead of only 50 percent, as is customary in such cases."

On one of his frequent trips overseas, Avio exchanged the ticket issued to him by the envoys' department for a first class ticket, thus incurring an additional expense of \$1,300. Silver objects valued at \$1,500 were purchased upon Avio's instruction to be sent abroad, but no documentation was found on the matter and it is not clear who the recipients were. Also missing are the names of the recipients of 15 books of the Sarajevo Agadah, which were acquired for \$600.

Avio persuaded Dulzin that the Zionist Federation should buy Torah books which, according to him, were in danger in Arab countries. He was granted a \$15,000 allocation, in addition to another \$5,000 allocation from the budget of the Sephardic Federation of France, but as it turned out, two Torah books were never brought to Israel, and the ones that did make it had apparently not been bought by Avio at all.

The comptroller: "One cannot ignore the fact that the abuses were possible because of lack of satisfactory supervision on the part of the financial department and collusion among subordinated bodies, some of which did not keep proper accounts, either."

The comptroller came to the conclusion that the direct financial damage inflicted by Avio on the Zionist Federation came to \$90,000. The report on the Department for Sephardic Communities was submitted to the Zionist Federation's legal adviser, Attorney Ely Lahowsky, who passed it on to the state prosecutor. However, it is doubtful whether anything can be done against Avio, who has found refuge in distant Canada.

The Avio affair is not one of a kind. Throughout the 400 pages of the report one finds examples of waste, superfluous expenditures, and perhaps worst of all, lack of proper supervision. For example:

--The World Federation of Sephardic Communities receives an annual allocation of some \$400,000 from the Zionist Organization. Of that, \$40,000 were

transferred to the office of the secretary general in Geneva. The office is located in an apartment outfitted with modern electronic office and communications equipment. Aside from the secretary general, the office also employs a secretary-typist. The office is not directly active among Sephardic communities. Some two-thirds of its expenses (about 200,000 French Francs) go to salaries and related expenses. The remaining one-third are used for communications, running costs, travel, etc. The travel expenses of the secretary general were financed directly by the World Financial Department and the Department for Sephardic Communities. The branches of the Sephardic Federation also revealed numerous shortcomings.

--The Zionist Federation ordered from a private company a documentary movie entitled "The History of the Congresses--the History of Zionism," which cost \$280,000. The movie production was awarded to the respective company without a public tender, and the \$60,000 which were allocated for it last year were debited to the "Zionist congress" account. The comptroller wondered whether the budget chapter of the "Zionist Congress--Conventions," which has an organizational character, was the proper funding venue for money spent on a general information movie.

--Every year the Zionist Federation allocates a total of \$718,000 to Zionist associations. The associations represent Zionist parties abroad, and the amounts transferred to them in lieu of independent fund raising abroad are fixed, in accordance with agreements signed 20 years ago. The comptroller was amazed to find that "Such respectable amounts of money were distributed in exactly the same way over a period of so many years, although during this time changes must have occurred in the composition and activities of the associations."

It emerged that some of the allocation recipients are not Zionist associations at all, such as Agudath Israel, which receives \$43,000 a year. The general manager of the financial department promised that the situation will be corrected this year, and that only Zionist parties will receive allocations, in accordance with their representation in the Zionist Congress.

--Shortcomings were found in the training of envoys and teachers dispatched by the Overseas Department of Culture and Education. The department offered only perfunctory training, and did not ensure that the envoy spoke the language of the country to which he was sent.

12782

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NEW 'GUILLOTINE' MISSILE PRODUCED

Tel Aviv YEDI'OT AHARONOT in Hebrew 26 May 87 p 12

[Photo caption: "Meet the Guillotine"]

[Text] This is the "Guillotine," a laser-guided air bomb produced by the IAI which has a very high degree of accuracy. The bomb is capable of being deployed under various flight conditions and has a very high penetration capacity, even against armor-protected targets. The bomb will be displayed in the air industry pavilion at the air show which will open next month at La Borgia near Paris.

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BRIEFS

STEPS TAKEN TO REDUCE IDF SERVICE--The Manpower Division of the General Staff does not plan to shorten regular army service in the near future since top on the agenda will be substantial reductions in reserve duty. This was reported by a senior official. The source revealed that an inspection carried out by the IDF showed that some of the basic army services are manned by reservists. The IDF has already begun to put into effect a program to reduce reserve service in 1987. Last year the army saved hundreds of thousands of reserve days. The goal is the gradual reduction of service time to a significant degree. Among other things, the IDF is working toward a situation where men over the age of 50 will not serve in the reserves at all. This year, reservists in this age group will be called only for training but not for missions. So far, many reservists of that age have been discharged. The plan is to discharge as many men over 50 as possible. The critical thing is that this reduction in reserve service will not come at the expense of the system of reserve training or of current security objectives. [Text] [Tel Aviv MA'ARIV in Hebrew 17 May 87 p 1] 9348/9190

SCIENTIFIC RESEARCH FUND WITH FRANCE--France and Israel will for the first time establish a joint scientific research fund. In an interview with a HA'ARETZ correspondent at the end of a visit to the Israeli pavilion of the Aircraft Export and Industry Institute at the Air Salon in Le Bourget, near Paris, Development and Science Minister Gid'on Pat said yesterday that the fund in question will start with an initial capital outlay of \$50 million. Already on Wednesday this week, a French Ministry of Science delegation is expected to arrive in order to formulate and coordinate details concerning the actual establishment of the new fund. It is hoped that the details will be finalized before the expected visit of French Prime Minister Jacques Chirac to Israel in October. Israel is involved in similar joint research funds with the United States and West Germany. The minister also agreed with his hosts to establish a receiving station in Israel for the French commercial communication satellite. [Text] [Tel Aviv HA'ARETZ in Hebrew 21 Jun 87 p 2] 12782

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ECONOMIC COLLAPSE PREDICTED

London AL-TADAMUN in Arabic 23-29 May 87 p 45

[Article by Ibrahim 'Uwaydah: "The Year of Economic Reckoning in Lebanon"]

[Text] Lebanese economic and financial circles are watching with great concern the country's economic, financial, and sociological developments in 1987. These circles do not conceal their fear regarding the occurrence of a real disaster based on current facts and indicators which are quite serious.

Based on the results of the general economic and monetary activity in Lebanon so far this year, a gloomy picture emerges warning of serious complications during the coming period of this year that could trigger, according to official government sources, the beginning of Lebanon's economic and monetary collapse and a crisis in the living standard. This is based on the following indications:

1. A Clear and frightening deterioration in the state's general internal debt. At the end of March this debt reached 98 billion pounds compared with 78 billion pounds at the end of 1986. According to the Lebanese finance ministry, this figure is expected to climb to 135 or 140 billion pounds by the end of this year.
2. The continued collapse of the Lebanese pound's exchange rate compared to various foreign currencies, especially the U.S. dollar. The price of the dollar in Beirut reached more than 120 pounds in April 1987. This decline, rather this collapse in the pound's exchange rate, resulted in severe inflation whose rate exceeded 59 percent during the first quarter of this year.
3. The continued decline of treasury revenues due to the continued anarchy prevailing throughout Lebanese territory and the inability of the official authority to collect taxes and various fees owed to the treasury, especially at the ports that are still under the control of the militias and armed factions.
4. The worsening crisis in all the economic institutions because these institutions were forced to increase their employees' wages (by roughly 90 percent in 1986) and because of the real obstacles that have impeded their operations, foremost among them the problems of exporting, financing, high interest rates, and the erosion of capital due to the weakness of the Lebanese pound.

5. The worsening social crisis and the standard of living crisis which have reached a serious proportion due to the political and security aspects of the continuing Lebanese crisis, the wave of high prices, the spiralling inflation, and the erosion of the buying power of the wages of the overwhelming majority of Lebanese.

6. The depletion of the Bank of Lebanon's hard currency assets due to its continuing to finance the country's external expenditures such as the oil and wheat bills.

7. The decline of hard currency remittances from Lebanese workers abroad, the continued lack of foreign and Arab aid and loans, and the linkage between aid and the achievement of Lebanese national reconciliation.

Government sources told AL-TADAMUN/BUSINESS that 1987 will be the year of gloomy economic reckonings in the absence of the political settlement, since the general situation appears gloomy on the economic, social, financial, and monetary levels. According to the same government sources, the rest of this year will determine where the general economic situation in the country will end up. If the political agreement materializes and the war is resolved, the chances for salvation remain. But if there is a failure to reach an agreement and the political discord persists, then collapse will unfortunately be the most likely fate, along with all its dangerous consequences which will not be limited to the economic and social levels, but will effect the political and general national situation as well.

Finally, government sources emphasized that the persistence of discord at the government level has prevented the council of ministers from convening its sessions, resulting in a failure to resolve economic issues such as the issue of airports, and returning vital government installations such as the ports to the state to enable it to supply its budget. Last but not least the government has failed to settle some of the urgent social and living problems. Continuing to ignore these problems and dealing with them negatively has caused the social crisis to become worse. Failure to deal seriously with these problems means, as the government sources stated, that the country will slip toward real catastrophe and will enter the dark tunnel by which Lebanon as a country and its people will be threatened.

It should be noted that the General Labor Union recently submitted an official memorandum to the country's political decision makers in which it warned of the danger of the social, economic, and monetary crises. It emphasized the importance of reaching the desired political settlement of the Lebanese crisis and of ending the war at last, in order to avoid real economic and social collapse that will threaten Lebanon within the next few months. The General Labor Union pointed out that the signs of collapse are obviously seen through the wave of general poverty that has assailed the majority of the Lebanese people due to the seriousness of the crisis of high prices.

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CSO: 4404/385

PRINCE FAHD ON TRANSFER, USE OF ADVANCED TECHNOLOGY

London AL-MAJALLAH in Arabic 24-30 Jun 87 pp 36-37

[Interview with Prince Fahd Bin 'Abdallah: "Saudi Youth Pillar of Transfer of Technology to Kingdom. We Call Upon Saudi Industrialists to Express View on All Projects"; in Jeddah, date not specified]

[Text] Prince Fahd Bin 'Abdallah is a great advocate of the transfer and use of advanced technology and the channeling of foreign investments to the national economy. This is the objective of the "economic offset" projects that simply seek to allocate part of foreign company contracts for investment in the Saudi national economy.

[Question] What did the Peace Shield program accomplish last year in the sphere of technology transfer?

[Answer] It is commonly known that Peace Shield is a command and control program for the Royal Saudi Air Force. It is proceeding according to a valid plan and concerns the military side of the air force. As for the other side which pertains to the transfer of technology to the kingdom, it is limited to the transfer of electronics, computers and communications. Most of the feasibility studies were completed and ratified last year, and four projects have been approved by the economic offset committee according to plan.

[Question] What is the concept of technology transfer and how did it come to be utilized in defense projects?

[Answer] Armed forces need arms, particularly in countries wishing to develop their military capabilities. Arms are not cheap and military spending is usually costly to any country, be it developing or advanced or even Third World, whose income is not enough to cover the great effort of arming its armed forces. The idea in the kingdom was conceived at the instructions of the custodian of the two holy places; Crown Prince 'Abdallah; and Prince Sultan with a view to taking advantage of the transfer of technology by channeling it to the national economy. A working paper was prepared and approved by officials on the premise that, after due consideration of these instructions, it was deemed necessary to allocate part of military spending for reinvestment in the country.

[Question] How is this computed and is it included in the contract?

[Answer] Usually it is stated in the contract prior to signing that this applies to investment. This is not something new. However, the method of restoring economic balance differs from one country to another. For example, an arms deal can be concluded between two countries whereby one buys certain products from the other. This is usually done between countries advanced in technological or non-technological, and sometimes agricultural production and another country buys a license to produce a certain commodity.

As for the transfer of technology program the kingdom has adopted, it is based on the kingdom's economic standing and liquidity as well as on its ability to adopt and set up a structure suitable for good production with the transfer of technology. This is based on bringing in a foreign partner alongside the Saudi partner, which is the best way because in this case a foreign partner would not be concerned with winning the bid, but rather would be intent as we are on having successful investments with a positive impact on the economy besides the transfer of technology.

[Question] When an agreement is reached to use part of the defense spending to purchase or establish national industries or joint ventures between a foreign company and Saudi partners, how are such projects selected and on what basis are the Saudi partners chosen?

[Answer] Saudi Arabia has advanced companies such as the National Industrialization Company, established by businessmen with the idea of participating in joint ventures. We have combined small and medium homogeneous Saudi corporations, such as the computer companies, in one melting pot so that the Saudi partner may be equal to the foreign one, in addition to other participating companies such as the GIC. I believe that investment was drawn up with the idea of starting out with specialized and experienced companies.

[Question] Does this mean that you are participating in the selection of Saudi partners and projects you deem appropriate for joint investment?

[Answer] Projects pertaining to the transfer of high technology are reviewed after studies have been presented to the economic offset committee. We also invite experienced Saudi industrialists to express their opinion and we conduct studies to identify the projects that have a positive impact on the nation and the company and can produce specific commodities to be exploited inside and outside our borders with a greater emphasis on production for export. On the other hand, investments must be opened to public subscription after ascertaining their validity and soundness. Citizen subscription will have a positive impact even on the important defense program and is not limited to the purchase of equipment. Citizens will feel that their subscription is part of the project and its benefit is not limited to the procurement of equipment for the armed forces, but also has a universal economic advantage.

[Question] Are you thinking then of opening such projects in the future to public subscription?

[Answer] We are not just thinking of that, it is part of the plan.

[Question] Then these projects are not tied to numbers and weapons if a contract can be concluded with an arms company, but the aim is to invest in the country even after the Peace Shield or other projects are completed?

[Answer] That is correct, and the project may even include some totally unrelated industries.

[Question] Are you steering projects in directions you deem most suited to the country's needs and with the largest import capacity?

[Answer] This is done in accordance with studies and assessments.

[Question] Have foreign companies accepted this idea?

[Answer] We encountered some difficulties at first because this was a new step in a new place such as the kingdom that is embarking on such projects. Foreign reactions were not encouraging due to the lack of understanding of how projects are conceived. Conditions were set down on the basis of studies under which foreign parties operated, but following explanations and facilities offered by Saudi Arabia to set up such industries, we found a very good response, particularly with regard to the Peace Shield program. There is enthusiasm and people need to know that it is actually possible to set up successful projects such as these that benefit both sides.

[Question] Since it is possible for the foreign partner to realize a profit from these projects, have foreign partners raised their contributions beyond the required amount?

[Answer] Yes. In the Peace Shield program, for instance, one company increased the amount by 4 percent. They found out that there was a certain yield, so their investment exceeded the required limit.

[Question] Does this mean that they judged Saudi Arabia to be a good market for investment whereby they could of their own accord maintain their partnership in the country's industry?

[Answer] By consolidating this base we can prove to the world that the kingdom is indeed a very good market for investment that exceeds their own expectations and that we are not mere consumers. Even if consumption is higher in our country, we have to be partners as well.

[Question] Why do you perceive Saudi Arabia as an investment market and what are its distinguishing features?

[Answer] The economic situation in the kingdom is better than in many other countries. Moreover, its young people and businessmen are bright and know how to work within the greater global scope even though many others have been

ahead of us in this area. Add to that the security situation in the country and the availability of all means of success, be it from the standpoint of communications and good airports or the kingdom's geographic location which puts it in a very important position in the world.

[Question] Why modern technology specifically? Don't you believe that by accomplishing the preliminary steps of industry at first, then moving on to the more sophisticated stages of technology we will be able to face our assimilation problems?

[Answer] The fact is that the transfer of technology does not merely mean the establishment of a factory for acquiring production equipment. Rather, its reality or pillar is the Saudi youth who can assimilate science and use it to their country's advantage. Technology is a much used word, but it is not only for the acquisition of information, but also for transferring it to the Saudi people. We are jumping into high technology with its startling advances. The situation is like being at the train station. The train has many cars. Either we ride one of these cars to get to the next station or we remain at the station and miss the train. Therefore, we must keep up with the world of technology because the things we considered in the past as non-technological, such as agriculture for instance, nowadays depend on the computer to improve output. Therefore, technology touches our lives whether we like it or not, so either we confine ourselves to limited output, such as the petrochemical industries due to the presence of oil, or we advance and introduce technology to all aspects of our lives.

[Question] Is the Saudi economy ready to assimilate modern technology?

[Answer] The economy or the Saudi man who is being talked about nowadays is exploring and is ready but needs expertise because he has not been into this in a big way. But how can expertise be acquired? It must be created and the proper framework of action must be set up.

[Question] The Saudi man is willing and able but lacks training and qualifications. Have training programs been set up with universities and colleges to train students and technicians?

[Answer] Part of the factories' program is that these companies begin by bringing in students and technicians and making deals with the universities to undertake this task. I understand that contacts are under way between the companies and the universities and technical training institutes.

[Question] We have talked about how difficult it was to attract foreign investors who are gradually becoming convinced of the soundness of investment in this country. Has it been difficult to lure Saudis to these technological projects?

[Answer] The Saudi side has been more apprehensive than difficult which is natural because it is embarking upon a new field. It seems, however, that the Saudis are more aware and more receptive and there is a positive tendency on the part of the business community to push this process forward and put in the proper framework.

[Question] Who is more enthusiastic about these projects? Is it the "traditional merchants" or the "new industrialists?"

[Answer] It is not just the traditional merchants or the new educated businessmen, but a mixture of both. There is no doubt that we are in need of people capable of scientific assimilation.

[Question] When did the idea of asking foreign companies to invest part of their money emerge?

[Answer] About 2 years ago when the contract was signed. However, the economic offset program and these projects were put into effect about a year and 8 months ago.

[Question] I believe this not enough time to assess the results?

[Answer] The only proper assessment of a factory is done after it goes into production and factories cannot be established overnight.

[Question] Is there a plan to expand this idea to include non-defense state projects in general?

[Answer] I believe there is a directive from the throne and a study underway with the participation of Prince Sultan, the minister of finance, the minister of planning, the minister of commerce and the minister of industry to broaden this concept.

[Question] About a year ago you state that the program had 12 projects, some of which were under discussion. Has there been any changes and what is the total value of projects that have been approved?

[Answer] There has been no change and the four projects that have been approved are pending the completion of formalities between the Saudi and foreign partners.

[Question] Can you give us an idea about the overall size of investment in the other four projects?

[Answer] The overall size of investment is about SR 1.5 billion and includes economic offset projects which are the "manufacture of electronic equipment," or the so-called advanced electronics center, the "refurbishing of airplanes" and the "computer" program, in addition to the committee's preliminary approval of the "seed production and marketing" project. These programs come in two stages: the first will be undertaken within a narrow scope with a view to controlling it; and the second will distribute the other projects over a number of areas. We are not imposing these projects. The contractor himself has to choose the location he deems better, both from the commercial and the strategic point of view. The object is to have a successful project. Oversight will be 100 percent commercial and the government will have a role in following up the implementation plan. When the project is judged to be

successful, ownership will be transferred to the largest possible number of shareholders in the Saudi market.

[Question] Do you have any other comments?

[Answer] Projects such as these undoubtedly will have a direct impact both on the national economy and on businessmen as citizens. They will also have a direct impact on the educational system in the kingdom whereby technology and industrialization may be brought into the country and, in coordination with universities and factories, it will be possible to envision the kind of people able to assimilate technology in the factories.

[Question] There is no doubt that this will have a great positive impact on the future of the Saudi economy. We thank Prince Fahd for this interview.

12502

CSO: 4404/409

COMMUNIST PARTY PROPOSES NEW FORMULA FOR PEACE

Khartoum HERITAGE in English 29 Jun 87 p 5

[Text]

For the last four years a fruitless civil war has been going on in the South. This war has resulted in great casualties both in life, and material resources.

It has posed great danger on our democratic system and our sovereignty, with far reaching negative consequences on our national unity.

It has become imperative than ever before that all the national forces have to find a way out of this war and embrace a peaceful and democratic solution to the present problems.

In response to this call we offer this initiative to all the parties, political bodies, trade Unions, and the rest of the trade, social, and sectarian organizations

First: in our offer we are aware of the cir-

cumstances that led to the present war and the developments that ignited it in August 1983 under the May system. This war was to become later one of the factors that led to its overthrow in April 1985.

As we are totally aware that means have been provided to realise the goals for which the war started- by democratic means which have been won by our people.

It was necessary for the (Sudan' people's Liberation Movement) to participate as one of the major political forces in building the new life. But this was impeded by negative co-

nsiderations on the part of the movement on the achievements of the uprising and what steps the transitional government had taken

We had then made our point clear on the issue to the leaders of

the movement and to various political forces

Second: The continuation of the war for more than two years is a great loss.

- By present accounts in our country it would not lead to victory of one side over the other militarily.

Our country has employed military option for the last thirty years without coming closer to solution of any problem instead it complicated it more.

The continuation of the war - over and above the loss of life - causes a great destruction of the material and the resources of which our country is in great need after this fruitless war.

The continuation of the war entails external involvement and military coups.

Whatever the outcome of the war-the declared goal is a united

Sudan - which needs an integrated national army capable of defending the national borders and its sovereignty. National unity can not be realised without security. Therefore destruction of the Sudanese army both materially and morally represents an unforgivable short-sightedness as it is against the Sudanese nationalism.

Third: We think that there are general principles suitable as a basis on which efforts are geared towards ending the war.

Sudan is a country that suffers economic and social underdevelopment, and deficiency in its political system resulting from diversification between its different regions, and nationality formations which are against the legal interests and aspirations of the most backward and poor different groups.

In this general context the Southern problem stands conspicuously with its national, social and cultural peculiarities.

Any formula that tends to keep Sudan united and that guarantees the democratic co-existence among its various nationalities, religions and civilizations, must emanate from negotiation and dialogue and through mutual agreements. This agreement should not ev-

olve from a relationship between the victor and the vanquished, but from Sudanese who are equal in rights and duties, and who intend and would like to live in cooperation in one United country.

All the Sudanese forces including (the SPLA) have declared their acceptance of peace option. and this has been embodied in declarations the Sadiq-Garang agreement, and Sadiq's peace overture during the April 6 festivities.

All these forces have agreed that the constitutional conference is the means of national dialogue which will resolve the frame of government in Sudan.

Fourth: Based on all this and going back to a proposal that had once been accepted, we suggest an immediate cease fire and offering guarantees towards its establishment and sustenance:

What we are proposing is not an armistice but a cease fire that leads to negotiations and to a halt to hostilities. It discards the military option and agrees on the democratic solution of the conflict.

Committees and necessary tools must be established with the consultation among the different political and military forces - to ensure cease fire.

Fifth: Cease fire must be backed up by the following;

1. Immediate lifting of the state of emergency.
2. opening of all roads with total security to send supplies, medicines, and other essential commodities to the people in all parts of the South.

This means rehabilitation of the displaced people, opening of schools, hospitals-police stations and other things necessary for the normalisation of life in the South.

3. Dissolution of the so-called friendly forces. Abandonment of arming tribesmen and collection of all arms in their possession, and strict application of the rule that the organised forces are the only party allowed to carry weapons.

Strengthening of security apparatus in the areas of contact between the North and the South, and taking stern measur-

es to stop tribal conflicts.

Sixth: to speed up movement towards the cease fire, and as an essential step in preparing an atmosphere to hold the national constitutional conference and to provide guarantees for its success the following measures must be taken immediately:

1. Repeal of the September Islamic Laws of 1983 and going back to those laws which had existed prior to them.
2. Repeal of the joint defense pact with Egypt (by law) and the rest of similar pacts.
3. Any issue which might fall within the jurisdiction of the constitutional conference should not be considered.

A peace initiative to end the civil war and the convening of the constitutional conference by the communist party of the Sudan.
(Un Official Translation)

/9274

CSO: 4500/120

SPLINTER GROUP DIVIDES SSPA

Khartoum HERITAGE in English 29 Jun 87 p 8

[Text]

The Southern Sudan political Association (SSPA) which is taken as the largest political party in the South has officially broken up into two. This was announced by some members of the SSPA in a press conference at the grand hotel on the 21st of June this year.

One wing of the party is now under the leadership of Samuel Aru and his deputy Peter Gatkuth while the other is headed by Aldo Ajou Deng the Central Minister of Transport and Communications, Angelo Beda, the Minister of Culture and Information in the Southern Council and William Ajal Deng, a member of the Southern council and the governor of Bahr El Ghazal Region.

The split in the party is known to have arisen out of the differences over the formation of the Southern Co-

uncil on the 5th of February this year.

Some members of SSPA wing of Aldo Ajou who held the press conference said that the Southern Council came about as a result of the two famous charters that were signed by virtually all the Southern parties and they felt that these two charters constituted a necessary and sufficient basis for a conciliatory decision to be taken.

The Ajou wing of SSPA which elected Aldo as its chairman and Angelo Beda as its Secretary General says it does not recognise the dismissal of their members from the SSPA as it is unwarranted.

The splinter SSPA says the one SSPA could have accomplished much had it not been for the fact that most of the executive members of

the party have lost contact with the base or the masses in the South but yet ask people to go into opposition and its failure to recognise that things had gone wrong with the 1972 local government autonomy in the South in the hands of prominent Southerners, most of whom are in the leadership of the Aru SSPA.

The new SSPA has left the door wide open for the other SSPA which is now in opposition to come to its side.

However the party has given an impressive list of conditions.

These include their recognition of their mistakes, their going back to the government, their renunciation of their hostility towards the Ajou Wing of the party and their cooperation with this wing and their agreeing to holding a convention to elect a democratic leadership.

REPORTAGE, COMMENT ON GANDHI VISIT TO MOSCOW

Correspondent on Context

Madras THE HINDU in English 3 Jul 87 p 1

[Article by K. K. Katyal]

[Text]

MOSCOW, July 2.

Soon after his arrival here to a warm and affectionate welcome this afternoon, the Prime Minister, Mr. Rajiv Gandhi, plunged into discussions with the Soviet leader, Mr. Mikhail Gorbachev, on a note described as highly promising in the context of Indo-Soviet friendship. Even though they did not get down to the specifics, their discussions provided an occasion for reaffirming the importance of the bilateral ties to both the countries, and referring to its relevance in the evolving international situation.

It was essentially a warming-up session. The Prime Minister briefly mentioned the situation around India without naming any country, while Mr. Gorbachev spoke of his ideas and philosophy presumably in the light of his initiatives for restructuring the economic set-up in the Soviet Union.

Contrary to the practice they adopted during Mr. Gorbachev's visit in Delhi last year, the two leaders were accompanied by an aide each.

The setting for the talks was marked by several positive factors—the preparations for the opening of the Festival of India here tomorrow, the establishment of an Indian Consulate-General in Tashkent, and the decision to formalise their resolve for increased cooperation in the field of science and technology, through an agreement.

Mr. Gandhi arrived here in the afternoon after a six-hour journey by an Air India jumbo. At hand to receive him and Mrs. Sonia Gandhi, were the Soviet Prime Minister, Mr. Nikolai Ryzkhov, his wife, Mrs. Ryzkhov, the Foreign Minister, Mr. E. A. Shevardnadze, and the Secretary of the Central Committee of the Communist Party of the Soviet Union, Mr. A. F. Dobrynin. The brief ceremony was a blend of the formal and intimate—brisk handshakes, smiles, warm exchanges, followed by a guard of honour.

Ceremonial drive

Reaching the Kremlin palace in the centre of Moscow after a 15 km ceremonial drive, the Prime Minister and Mrs. Gandhi were officially welcomed by Mr. Gorbachev and Mrs. Raisa Gorbachev.

The full import of the talks between Mr. Gandhi and Mr. Gorbachev will be known later,

when some of the details trickle down to other levels. For the time being, the media persons had to be content with a brief glimpse of the two as they settled down for the talks in the St. Catherine Hall of the Kremlin. The two shook hands, exchanged a few words, posed for the cameras—first standing, later seated on gilded chairs. It was a rather extravagant setting for an intimate talk, what with the glitter of the gold-plated chandeliers, and the splendour of ornate doors. After five minutes, the media representatives trooped out, and the two leaders began the first of the two rounds of talks. The second is slated for tomorrow.

One or two points in the sprawling Kremlin complex had acquired an Indian touch. At the podium, set up in the Cathedral Square, for tomorrow's inauguration of the Festival of India, the folk dancers from the south were busy rehearsing. Nearby, finishing touches were being given to the bamboo-cane arched entrances in the traditional style. Outside, on Gorkhy Street, tricolours and streamers, proclaiming "Long Live Indo-Soviet Friendship" testified to an Indian presence in Moscow.

Afghan issue

A lot has happened, both in the regional and the global context, since Mr. Gandhi and Mr. Gorbachev met in New Delhi last November. In particular, the hopes pinned by the Soviet Union on Pakistan in regard to Afghanistan have not materialised. Seven months ago, Mr. Gorbachev thought Islamabad would respond positively to the moves, then accelerated, for a settlement of the Afghan issue.

That, coupled with the logic of his Vladivostok theme of conciliation, triggered high-level contacts, as illustrated by the Pakistani Foreign Minister, Mr. Yakub Khan's visit to Moscow. Pakistan did not conceal its happiness over Mr. Gorbachev's comments, at the New Delhi press conference, which were interpreted as indicating a move towards Soviet equidistance in Indo-Pakistan affairs.

Moscow, however, was disenchanted soon after when Pakistan lost the earlier zest for a settlement in Afghanistan—and ascribed the changed stance to American pressure. The way Pakistan tried to exploit the advantage accruing from the Soviet softness towards it for a

new arms aid package from the U.S., or to bolster its claim for AWACS, could not but have annoyed Mr. Gorbachev further. This alienation was represented, on the one hand, by the dramatic downing of an F-16 of the Pakistan Air Force by Soviet fighters and, on the other, by the Pakistani President, Gen. Zia-ul-Haq's public commitment to look after the U.S. interests "in our part of the world".

That was a far cry from the sentiments expressed by Mr. Gorbachev in New Delhi "that the Soviet Union, India and Pakistan are neighbours and I think that neighbours should always live in peace and help one another in the spirit of understanding. We stand for good, hearty relations with the Pakistani people and approaches should be worked out to achieve such relations. Other ways lead to unpredictable consequences and we should all remember that this fully applies to the Pakistan Government."

Ties with China

By contrast, the goings-on in the realm of Sino-Indian relations in the last seven months have been in line with Mr. Gorbachev's wish for

"the tendency for normalisation and better relations in Asia, including relations among countries such as China, India and the Soviet Union." It was so, in the case of India and China, despite the tension on the border, the bitterness caused by mutual recriminations and the western media predictions of a new conflict. In the end, what stood out was the reiterated resolve by the two sides, particularly during the External Affairs Minister, Mr. N. D. Tiwari's stop-over visit to Beijing, to settle the border problem peacefully by negotiations.

In Sri Lanka, the Soviet Union has shown complete understanding of the Indian stand—particularly the compulsions that led to the airdropping of relief supplies in Jaffna. By sheer coincidence, Mr. Tiwari, then in Moscow, met Mr. Gorbachev, around the time Indian transport planes had returned from Jaffna, and found the Soviet leader satisfied with the Indian analysis of the situation. At the same time, Colombo could not have missed the message from Moscow—implied, among other things, by the hints that led the Sri Lankan President, Mr. J. R. Jayewardene, to "postpone" his State visit to the Soviet Union.

3 July Activities

Calcutta THE TELEGRAPH in English 4 Jul 87 p 4

[Article by M. J. Akbar]

[Text]

Moscow, July 3: For two hours and two minutes (the professional watches actually time these things) Mr Rajiv Gandhi and Mr Mikhail Gorbachyov talked to each other on Thursday evening on a one-to-one basis—in other words, only an aide from either side was present to take notes, and there were no ministers or members from the delegations.

After that the Gorbachyovs took the Gandhis out for dinner—literally, because they did not eat at the Kremlin, but at a dacha. And once again their conversation was exclusive.

This morning the only change in the schedule was the timing of the formal talks. Mr Rajiv Gandhi was meant to lead the talks with Prime Minister Ryzhkov at 10.30 in the morning, and with Mr Gorbachyov in the evening. The timings were switched. They obviously had a great deal to talk about.

If on the first day, we were all thirsting for a bit of news, and the dextrous Mr Sharada Prasad had to use all his superb abilities to convey nothing during his press briefing, today has been

nothing but one story after the other as Mr Gorbachyov has chosen to show the world the personal and political backing he is giving to Mr Rajiv Gandhi and to his government.

Apart from that one occasion when Mr Rajiv Gandhi led the talks with Mr Ryzhkov, he was in Mr Gorbachyov's company throughout the day, from the unveiling of Mrs Indira Gandhi's statue at the Indira Gandhi Square to the moment at midnight when the time came to say "Dasvidanya."

The day reached a climax with a splendid display of Russian and Indian fireworks before the guests departed for the airport and the six-hour flight back home. There are formal visits of many kinds, but rarely do even the closest of allies spend so much time together.

EVEN THE WEATHER

And it was a day on which everything went right, including the most temperamental of things, the weather.

They do not believe in God around here, which is why they do not have an adequate explanation for the miracle of to-

day's weather. As is obvious, the opening of the festival (all of it in the open, whether in the Kremlin or the stadium) would have been thoroughly ruined if the endless rain of a wet June had extended its damp finger into the first week of July. But after a very mild drizzle last evening, we witnessed the glory of a white night in Moscow, the twilight spreading like a soft and pale and soothing glow all across the sky till long after midnight, and the quiet streets alive as the young people took full advantage of the long delayed summer. This morning the city woke up to an unflecked sky, and the kind of glorious sunshine which sent the people into the parks to sunbathe and picnic on the green banks of the Moskova river.

You may find it difficult to believe, but one theory actually doing the rounds was that the Soviets had used chemical sprays in the sky to ensure such weather. When you cannot attribute good fortune to the Almighty...

The political tension, which was a reality of the first day of the visit, had completely evapo-

rated by the time the festival was formally declared open at a simple and elegant function under the glistening golden domes of the Kremlin. There had been a little uncertainty on the Indian side about how precisely Mr Gorbachyov would have analysed the recent political hammering Mr Rajiv Gandhi has taken. The unstated question was: Would the Soviets still back Rajiv Gandhi as unstintingly as they had done? Nor was the question of only international significance. Mr Gorbachyov's attitude would have a great bearing on the attitude of the Left in India to the tensions that still lay ahead.

LIKE OLD TIMES

But today, Mr Gorbachyov gave public expression to his private agreements with Rajiv Gandhi. And when the two stood on the dais to make the speeches that would inaugurate the year-long festival, it was almost like old times. The impromptu meeting with journalists in the afternoon had already played its part. Now everyone knew that the smiles were not forced.

Mr Rajiv Gandhi's speech was

in Hindi of the All India Radio variety, though leavened by a few Urdu words that gave it a more cosmopolitan touch. But if the language came from the north, the culture came from the south—which seemed a fair enough distribution.

M.S. Subbalakshmi was, well, M.S. Subbalakshmi. And then came the dance from Kerala, Namaskaram, a taut, graceful and powerfully vibrant display of Kerala's traditional art. And if Bengal might be feeling left out: The Prime Minister's speech began with a quotation from Rabindranath Tagore.

Protocol was now being merrily ignored as slowly a mood of festive happiness began to spread through the whole group. Had Rajiv Gandhi planned to kiss the pretty girl who gave him bread in the traditional Russian welcome? And to kiss her thrice on the cheeks? Who knows? It just felt good that he had stepped out of the Kremlin, taking their VIPs to the next engagement, one finally got the feeling that a festival of India had actually begun.

Report on Science Accord

Calcutta THE TELEGRAPH in English 4 Jul 87 p 4

[Text]

Moscow, July 3 (UNI): India and the Soviet Union today signed a longterm comprehensive agreement for cooperation in the field of science and technology, including the setting up of joint projects.

The agreement, which envisages transfer of state of the art technology to India until 2000 AD, was initialised by the Prime Minister, Mr Rajiv Gandhi, and the Soviet leader, Mr Mikhail Gorbachyov, following in-depth discussions in the Kremlin.

Eight specific areas identified for cooperation include space science, electronics and computers, immunology, material science and technology, synchrotron, radiation sources, water tapping up to 100 metres depth and

catalysis.

Besides setting up joint projects in various fields, the agreement envisages sharing of information on the results of research and development.

The draft of the agreement was finalised during the visit of a high-level Indian scientists' delegation, led by the scientific advisor to the Prime Minister, Mr C.N.R. Rao, to Moscow last month.

The signing ceremony was attended by ministers and senior officials accompanying Mr Gandhi and top members of the Soviet Communist Party politburo.

Specialists

Under the agreement, there will be an exchange of specialists.

Five hundred scientists will work in each others' countries, where they will be provided with lodging and work by the host country.

A joint council will monitor the implementation of the programme and chalkout new projects. It will meet once a year, alternately in India and the Soviet Union, and will be presided over by the president of the USSR Academy of Sciences, Mr G. Marchuk, and Mr C.N.R. Rao.

Dr Vasant Gowarikar, secretary, department of science and technology, told the press that a national coordination committee would be set up in India to make a comprehensive and integrated review of the work being done in India in the field of science.

Dr Gowarikar said that India and the Soviet Union would also, for purposes of research, establish new centres for production of equipment and materials.

He said the objective of the new agreement was to ascertain how best the fundamental concepts worked out could be used for the development of science and technology and their utilisation

in the national economy of either country.

Mr H.Y. Sharada Prasad said the agreement had been negotiated over several months, and covers three main areas—cooperation on “thrust” sectors on the frontiers of science and technology, basic research, and cooperation in other fields connected with the future.

Report on Talks, Speeches

Madras THE HINDU in English 4 Jul 87 p 1

[Article by K. K. Katyal]

[Text]

MOSCOW, July 3.

The Soviet leader, Mr. Mikhail Gorbachev, today expressed the confidence that India would get over its internal difficulties. Mr. Gorbachev who was replying to questions by visiting Indian correspondents, after the signing of the agreement on science and technology, said his optimism stemmed from his faith in the people of India. “I believe that the Indian society is quite responsible and understands the problems. I think all the Indian people like India to be prosperous and powerful.”

Mr. Gorbachev and the Prime Minister Mr. Rajiv Gandhi had by now concluded their talks, spread over two rounds totalling four hours, and the Soviet leader's responses spoke eloquently of the smoothness of the discussions. Mr. Gorbachev was in a jovial, relaxed mood, explanatory in his brief formulations even though it was an impromptu question-and-answer session, squeezed in between two engagements—the signing ceremony and the formal lunch in honour of Mr. Gandhi.

Mr. Gorbachev was asked whether, in his opinion, the situation around India had changed since his visit to Delhi seven months ago. He replied: “Everything flows, everything changes. If there were no changes we would not have anything to talk about.” Did he and Mr. Gandhi discuss the Sino-Indian relations? “We touched upon all international problems.” Had he devoted so much time to discussions with any other visiting dignitary? “No”, he said after a pause. The relations between India and the Soviet Union, had become dynamic, he said, referring to the significance of today's agreement.

Indo-Soviet ties

Mr. Gorbachev later dealt with Indo-Soviet relations at his lunch for Mr. Gandhi. “There is no place for mistrust in relations between the Governments and the people of Soviet Union and India. But mistrust is trying to put outside pressure on them. Certain political quarters in the world are literally allergic to our good relations. Those are the people who are committed to militarism, escalation, confrontation and fuelling regional conflicts. It is not to their liking that India plays a role as a major modern power in world politics. They wish to arrest its growing influence in international relations. And we see that they use any means to put pressure on India

and that attempts are being made to destabilise the situation in and around the country.”

The Soviet Union, he said, fully appreciated the concern of the Indian people over the hostile anti-Indian campaign to erode its international potential.

Destabilisation threat

From Mr. Gorbachev's luncheon speech and the replies to Indian correspondents, it was clear that the destabilisation threat to India figured in his discussions with Mr. Gandhi and that the Soviet Union fully appreciated India's concern and backed it fully in that context. His unspecific reference to changes in the region around India could well be interpreted to mean that Pakistan was a part of this process of change—as the earlier Soviet hope for a positive response to moves for Afghanistan settlement had not materialised and Pakistan got sucked more and more in the U.S. orbit.

Interestingly Mr. Gorbachev, in his luncheon speech, quoted from Mahabharata. This was what he said: “grappling with enormous difficulties, contradictions and conflicting interests and coming to grips with problems which never existed heretofore, the world is moving towards a state where international conduct will be based on the same norms of morality as relations among people: “Wrath bears confusion, confusion bears memory eclipse, memory eclipse kills knowledge and the death of knowledge kills man himself”—this phrase from Mahabharata (Bhagwad Gita), is very relevant today.”

'NATO thwarting accord'

Reuter reports:

Speaking at a Kremlin banquet for Mr. Gandhi, Mr. Gorbachev accused NATO of hindering a superpower medium-range arms pact by proposals that amounted to an attempt to dismantle the Soviet system. He said NATO leaders had failed to find constructive ideas on how to build East-West relations if nuclear weapons were eliminated and confrontation renounced.

“If the view of the NATO leaders on the prospects for world development in the 21st Century is presented in as simple a form as possible, what becomes exposed is their perplexity and lack of realism,” he said.

“We propose dismantling the entire system of weapons of mass annihilation and reducing

other weapons to the level of sensible sufficiency.

"In response we are being offered a dismantling of a social system—our system," Mr. Gorbachev said in his speech, reported by the official Tass news agency. "The absurdity of this 'dilemma' does not even deserve refutation".

Mr. Gorbachev, who did not specify how the North Atlantic Treaty Organisation's proposals could be aimed at dismantling the Soviet system, also accused the Western alliance of clinging to "the now utterly unacceptable concept" of nuclear deterrence.

The superpowers have been negotiating the removal of all U.S. and Soviet medium and shorter-range nuclear missiles from Europe as a first step toward broader arms reductions.

But some of the NATO allies, notably Washington, London and Paris have said some nuclear weapons must be retained to deter any attack by Eastern Bloc conventional forces.

The NATO allies have also stated a preference for a world-wide ban on superpower medium-range arms but Moscow has rejected this as violating an agreement reached by Mr.

Gorbachev and the U.S. President, Mr. Ronald Reagan at their Reykjavik summit last year.

Mr. Gorbachev said despite encouraging signs, a superpower medium—and shorter-range arms pact remained just a possibility due to the NATO stand.

He repeated Soviet call for a comprehensive international security system that would cover all countries and regions and take into account all factors affecting world relations—military, political, economic, ecological and humanitarian.

Mr. Gorbachev also appealed for progress on security in the Asia-Pacific region, saying the Soviet Union was directly concerned since much of its territory lay in the Far East.

"Let me make it clear once again—we emphatically propose to open talks with the United States on nuclear arms in the Asia and Pacific region and to approach that problem on the basis of reciprocity and with strict account of the security interests of all," he said.

The time had come for greater trust among countries with different political systems, he said, citing Soviet relations with India as an example.

Further Details, Visit Results

Madras THE HINDU in English 4 Jul 87 p 9

[Article by K. K. Katyal]

[Text]

MOSCOW, July 3.

Yet another dimension was added to the Indo-Soviet relationship today, as the Prime Minister, Mr. Rajiv Gandhi and the Soviet leader, Mr. Mikhail Gorbachev reached identical conclusions on major global and regional issues, signed a long-term agreement to broaden co-operation in the field of science and technology and inaugurated a carnival of colour and dance, to mark the beginning of the Festival of India.

The four hours of talks spread over two sessions and another two hours of intimate relaxed exchange at dinner at Soviet leader's dacha, country house, yesterday turned out to be the more substantive part of the visit. Today's discussions centred round regional issues—notably Pakistan, Sri Lanka and Afghanistan. On Sri Lanka, India found the Soviet Union consistently supporting its stand. This implied that the Soviet leader appreciated the compulsions that led the Indian Government to undertake the air-dropping mission in Jaffna.

The new disturbing trends in Pakistan—obvious reference to Islamabad's nuclear ambition and its efforts to get AWACS from the U.S. were also the subject of closer attention. As regards Afghanistan the talks highlighted the Soviet interest in a durable solution of the problem. The exchange of impressions on China could not but have revolved round the oft-re-

peated Soviet desire that the Sino-Indian border problem be sorted out through peaceful means and India's resolve, often reaffirmed with the same force, to promote friendship with Beijing.

In a major speech at a lunch hosted in his honour by Mr. Gorbachev, the Prime Minister dwelt upon the significance of Indo-Soviet friendship for the two countries and to the world. "Our talks", the Prime Minister noted, "have strengthened and reinforced three decades of working together. Ours is a unique relationship which has grown continuously in strength and content. As always, there has been a convergence of views and shared perceptions on issues of cardinal importance, peace, development and disarmament."

Glittering function: More could not have been packed in the second day of the Prime Minister's stay in the Soviet capital—a day of sunshine, welcoming crowds, expressions of satisfaction at the development of bilateral ties. Starting with the ceremonial—unveiling the statue of Indira Gandhi, at a square named after her, laying wreath at the Lenin Mausoleum and at the Tomb of the Unknown Soldier—the Prime Minister and Mr. Gorbachev, at a glittering function in the Kremlin Palace, signed the "integrated long-term programme on scientific and technical cooperation." The formal inauguration, after lunch, of the Festival was followed by talks between Mr. Gandhi and the Soviet Prime Minister, Mr. Ryzhkov.

The two sides appeared conscious, that the new generation of leaders in their countries had not only consolidated the relationship entered upon some three decades ago but expanded it to cover new areas, of relevance to them. The three components of today's agreement, for instance, would cover cooperation in thrust areas, basic research and futuristic field, with the object of using fundamental scientific concepts for new technologies and new materials, as the Secretary of the Department of Science and Technology, Dr. Vasant Gowariker, explained.

At his luncheon speech, Mr. Gandhi dealt with substantive points, concerning both the bilateral ties and the world view of the two countries.

The Soviet Union had "been with us in times of trouble", said Mr. Gandhi, acknowledging the cooperation in the development of Indian economy and building other sinews of strength. "Notwithstanding the differences in our historical heritage and in our socio-economic systems, the Indo-Soviet friendships has been marked by a mingling of ideas, an exchange of experience, and a cross fertilisation of cultures. We have enriched each other's lives, retaining and developing the distinctive characteristics of our respective societies", the Prime Minister said. Equally significant was a pointed reference to the Indo-Soviet Treaty. The treaty, which gave an eloquent expression to mutuality of interests 16 years ago, he said, had been a vital factor for peace and stability in Asia and the world. With the passage of years in an increasingly complex international situation, the significance of the treaty had grown, according to the Prime Minister.

"We can stand on our feet": India, he said,

had shown the world that "we can stand on our feet. We have not succumbed to threats. We have resisted temptations. We have upheld non-alignment".

Dilating on the threats posed to India by the forces of destabilisation, the Prime Minister told his Soviet hosts: "Even as you thwarted those who sought to sabotage the great October Revolution, so have we thwarted those who sought to suborn our independence. This is a continuing struggle. The forces which seek to undermine the independence of nations are always on the look-out for opportunities to work out their nefarious designs. We see them using different methods in different parts of the world. We find them increasingly active in our region, much to the detriment of our security environment. We shall remain vigilant, as we continue to work for peace and cooperation in our region and the world at large".

As regard, the imperatives of nuclear disarmament and peaceful co-existence, the Prime Minister, referred to the peace initiatives of the six nations and the 1985 Delhi Summit in creating world-wide awareness of the horror of a nuclear war and mobilising opinions even within nuclear-weapon States. Then followed a pointed praise for Mr. Gorbachev's "courageous and innovative proposals over the last two years, including Reykjavik and after, most recently in connection with the dismantling of the intermediate nuclear forces in Europe. Welcoming the Stockholm talks on the subject, Mr. Gandhi felt that the outlook for the limitation and reduction of nuclear armaments was more encouraging than it had been for a long time. He saw greater relevance for India's call for an immediate suspension of all nuclear weapons tests to facilitate meaningful negotiations on nuclear disarmament:

Gandhi Remarks to Journalists

Madras THE HINDU in English 5 Jul 87 p 1

[Article by K. K. Katyal]

[Text]

MOSCOW, July 4.

Going by the account given today by the Prime Minister, Mr. Rajiv Gandhi, of his talks with the Soviet leader, Mr. Mikhail Gorbachev, the Soviet Union stands by India but its resolve is based on its own assessment and is not a show of solidarity stemming from any discussions on the internal situation during his two-day stay in the Soviet capital.

This and similar explanations by the Prime Minister, in response to queries by journalists covering his visit, were intended to remove the impression that either Mr. Gandhi seeks to derive political advantage from his trip to the Soviet Union or that it is a case of his running to Moscow in the midst of internal difficulties. "We do not run to anybody when we are in difficulty," he said seeking to counter speculation on the subject.

The present visit, he said, was thought of two years ago.

The speculation appears to have arisen for two reasons. One, Mr. Gorbachev's expression of confidence, in reply to questions by visiting Indian correspondents, that India would get over its difficulties because the Indian society was powerful and responsible enough. Two, Mr. Gandhi's remark in his speech at the lunch hosted by Mr. Gorbachev that "you have been with us in times of trouble."

"I will say this much that he spent more time telling you about it than we talked," Mr. Gandhi told the journalists. At another stage he said: "We did not talk about destabilisation forces in India at all. We talked generally how forces in the world operate. He told me what sort of problems they were having in the Soviet

Union. Once when he was on a holiday there was a massive media campaign saying that he was dead or that he was shot, that his wife had been killed and he was seriously wounded. We did not talk about it at length at all. He told us what he was doing on in the Soviet Union. I told him what we are doing in India. That is all."

'No political advantage'

If the internal situation was touched upon peripherally and not substantially, on what basis did Mr. Gorbachev express his confidence about India getting over its internal difficulties? This, Mr. Gandhi replied, was his assessment as "he is not going to give you my assessment. He is going to give you his assessment. Obviously he gave his assessment."

The fact that Mr. Gorbachev made this point soon after their talks did not establish any nexus in this regard, according to him. Did he believe he had derived considerable political benefit from the visit? Mr. Gandhi replied "It does not make any difference in India. I do not think it would affect our domestic situation in any way."

His reference, in his luncheon speech, to the support was worded "in the past tense. It was very carefully drafted. And you can work out what it refers to," he said, hastening to add: "That does not mean they would not stand by us. I have no doubt they will."

While confirming that Sri Lanka, Pakistan, Sino-Indian relations and Afghanistan figured in their talks, Mr. Gandhi would not say what exactly transpired. That was because he considered it against the norms of one-to-one talks. But he stressed that "on most of the issues there is a general identity of view. Some time on details there are differences but on the broad thrust, there has not been any difference."

Did he find a change in the Soviet perception of Pakistan since November last when Mr. Gorbachev visited India? The questioner sought to know whether the reported Soviet softness towards Pakistan then (because of the hope of a positive Islamabad role on Afghanistan) had changed now. Mr. Gandhi replied: "We have not really had very much difference of views on Pakistan even when he was in Delhi."

Mr. Gandhi attached considerable significance to the long-term agreement on cooperation in science and technology, signed during his stay. He considered it "at least as important" as the initial Soviet help in the early Fifties for the public sector units in India.

"It is as much a turning point in our relationship as that," he said referring to the opportunities Indian scientists and technologists would have of working with their colleagues in the Soviet Union for the first time in frontline areas and in new production areas. Will India have second thoughts on its efforts to get supercomputers from the U.S.? India, according to Mr. Gandhi, was evaluating the U.S. offer and the report of experts had not yet been received.

Special gestures

Was there a message for him or the country in the special gestures made by the Soviet leaders? They had been making such gestures right from the time of his first visit to the Soviet Union. "There have been gestures down the line. I do not think there is anything new". But there had been a material change in the bilateral relationship, he added.

A possible thaw in Sino-Soviet relations, according to Mr. Gandhi, would have no impact either on India's talks or ties with China or India's relationship with Moscow.

The discussion on Afghanistan centred on the options and their problems. The Soviet Union, Mr. Gandhi noted, had given in the past the plans of withdrawal of their troops. "Our position is clear. There must be no interference or intervention in Afghanistan," he said telling a questioner that India did not contemplate any initiative by it as of now.

India's relationship with the superpowers had improved, said Mr. Gandhi. But there could be no comparison between the degree of improvement because the starting points were different. And despite the improvement of relationship with the U.S., the differences especially on issues relating to the region could not be wished away.

This wide ranging explanation given by Mr. Gandhi to correspondents aboard the Air India jumbo just after it took off from Moscow provided the finale of the two-day visit which packed a lot in it.

According to Tass, the official Soviet news agency, the "question of domestic life" and international policies of India and the Soviet Union were discussed during the Rajiv-Gorbachev talks.

The two sides confirmed their desire to switch more vigorously to new forms and methods of co-operation, to develop coproduction and establish direct ties between their Ministries, enterprises and firms. Also discussed were concrete questions connected with the creation of joint enterprises in the two countries.

Remarks on Return

Madras THE HINDU in English 5 Jul 87 p 2

[Text] New Delhi, 4 Jul--India is not slipping into the Soviet orbit, the Prime Minister, Mr Rajiv Gandhi, said here today on his return from Moscow,

Talking to correspondents at the airport, Mr Gandhi strongly denied suggestions that India had been pushed into the Soviet bloc after the signing of the Delhi Declaration. The Indo-Soviet relations, he said, were based on principles like disarmament and non-violence which were basic to India's foreign policy. The Delhi Declaration, signed in November during the visit here of the Soviet leader, Mr Mikhail Gorbachev, marked a new phase in Indo-Soviet relations, he said.

Mr Gandhi repeated that his talks in Moscow did not cover India's internal affairs. He rejected the Opposition demand for dissolution of Parliament and a mid term poll because of the Congress(I)'s defeat in Haryana.

"No case for mid-term poll". In his opinion, the constitutional position was clear and there was no case for a mid-term poll every time a ruling party lost power either at the Centre or in the State. The dissolution of assemblies in 1977, following the victory of the Janata Party, was unfortunately repeated in 1980 (when Mrs Gandhi returned to power and the Janata Governments in the States were sacked. He did not like to repeat that in 1985, he said).

PTI, UNI report:

"This is hardly a demand worth commenting on," Mr Gandhi snapped, saying "You know the Constitution and how the Lok Sabha is elected. You know the Congress party's strength in the Lok Sabha. Local matters should not be mixed up with national issues."

The Prime Minister ruled out any outside help to meet the challenges posed by attempts to destabilise India. "We don't look upon others for help in our domestic matters. It is our internal affair and it is for us to handle it," Mr Gandhi told newsmen at the Delhi airport.

Asked if Pakistan's nuclear programme came up for discussion and what was going to be India's reply, the Prime Minister said "We will find our own answer when the time is ripe. The time for the reply has not yet come."

To a question by a foreign correspondent if the Soviet Union's efforts to reduce tension in the Gulf figured in the discussion, Mr Gandhi said "India believed that the USSR is interested in reducing tension in the Gulf and other areas."

About his talks with Mr Gorbachev, Mr Gandhi said "We exchanged views on a number of subjects. We talked about cooperation in Indo-Soviet trade and the progress made on various fronts after the Soviet leader's visit to Delhi in November last."

Did he have discussions with Mr Gorbachev on the role of some left parties in India? "Only in general terms, there was no specific talk" was the reply. He said in an obvious reference to the CPI(M) and the CPI that "some parties should stick to their policies and not wander on the basis of convenience."

Asked whether the chances of a right wing coup in India had diminished after his talks with the Soviet leadership, Mr Gandhi said India's internal matters did not figure in the Moscow talks.

When a correspondent drew his attention to a report that China was willing to help Sri Lanka in dealing with the Tamil militants, the Prime Minister said he had not seen the report. "We will look into it," he said.

India, USSR for Direct Economic Tie-Ups

Moscow, 4 Jul--India and the Soviet Union have decided on direct economic tie-ups between Ministries, amalgamations, enterprises and firms in a bid to make a breakthrough in mutual exploitation of the production and scientific potentials of the two countries.

Mr Rajiv Gandhi and Mr Nikolai Ryzhkov, Soviet Prime Minister, negotiated the new arrangement as a follow-up to the several important agreements and long-term programmes the two countries have signed in the field of trade, economic and scientific-technical relations.

A Soviet communique on the negotiations does not spell out the exact nature of the direct tieups envisaged, but the member countries of the Council for Mutual Economic Assistance (CMEA) have similar arrangements to develop and produce new machinery, technologies and materials. The CMEA arrangements include joint scientific-technical and production associations, international engineering and technological centres, joint scientific-technical teams and laboratories.

The delegations also discussed concrete questions connected with the creation of joint enterprises in India and the Soviet Union, it said.

"Confirmation" at the top-level is expected to lead to the two governments taking decisions which would overcome some of the problems obstructing conclusion of contracts.

The Indian delegation included Mr P. V. Narasimha Rao, Minister of Human Resource Development, Mr N. D. Tiwari, Minister of External Affairs, Mr Arjun Singh, Communications Minister and Mrs Margaret Alva, Minister for Affairs of Youth, Sport and Children.

India and the Soviet Union have worked out three new projects for joint research in infectious diseases. The projects, which will get underway this year and be completed by 1990, will help update diagnostic and treatment techniques of acute intestinal infections, including viral ones.

Moscow Support for Gandhi

Bombay THE TIMES OF INDIA in English 6 Jul 87 p 8

[Editorial]

[Text]

The Prime Minister has pulled off a coup during his brief visit to Moscow. At a time when the country's security environment continues to deteriorate and when simultaneously his own leadership is under pressure, he has obtained from Mr Mikhail Gorbachov the Soviet Union's strong and unequivocal support for himself and his government. The Soviet leader has left no one in doubt that he shares New Delhi's concern over attempts to overthrow Mr Rajiv Gandhi and in the process destabilise the

government. Quite clearly Moscow has concluded that Mr Gandhi will be able to overcome his current difficulties and be able to pursue a course of action which is mutually beneficial to the two countries. The Soviet stand does not entirely come as a surprise. For one thing, Russia's and India's essential interests continue to converge, for instance, in Afghanistan and south-east Asia. For another, in the new context, Mr Rajiv Gandhi has no choice but to return to the broad policies Mrs Indira Gandhi pursued. It is also useful to recall the support Moscow extended to Mrs Gandhi whenever she found herself in a difficult position; the policy paid off at that time; and surely Moscow has made a similar calculation this time.

Details about his private talks with Mr Gorbachov are not likely to be available for some time. But it is obvious enough that the visit has enabled the two countries to better appreciate their respective interests, particularly in Asia. Some of the remarks made by the Soviet leader during his visit to this country last November had given rise to speculation that Moscow was seeking to adopt an "even-handed" approach towards the countries of south Asia, that is between India and Pakistan. That speculation can now be said to have been set at rest. The Soviet side could not but have taken into account Pakistan's growing determination to promote U.S. strategic interests in the area even at the cost of its future relations with Moscow (particularly as regards the situation in Afghanistan) and New Delhi. On the other hand, the Russians appear to have persuaded Mr Gandhi that it would be in the best interest of the two countries if they sought to mend their fences with China. As for bilateral relations, the comprehensive agreement of co-operation in science and technology covering the period up to the year 2000 speaks for itself. No less significant are the expressions of friendship and solidarity voiced by both the leaders on the occasion of the spectacular inauguration of the Festival of India. Mr Gandhi will doubtless attract the charge of inviting Soviet intervention in the country's domestic affairs. That need not, however, worry him over much. The pertinent question is whether Moscow's actions are intended to promote India's internal stability and external security. And the answer cannot but be in the affirmative.

New Phase in Relations

BK131012 Delhi THE HINDUSTAN TIMES in English 6 Jul 87 p 13

[Editorial, "Message From Moscow"]

[Text] Prime Minister Rajiv Gandhi's visit to Moscow during the weekend marks the beginning of a new phase in Indo-Soviet relations. It was occasioned by the Festival of India--a projection of India's cultural diversity in the Soviet Union. From all appearances, the festival will be a success. But of far greater significance were the close and personal exchanges between Mr Gandhi and Soviet Communist Party Chief Mikhail S. Gorbachev. Somehow Moscow has felt that Mr Rajiv Gandhi is in a bit of trouble and they must lend him a helping hand and a reassuring word. "We are with you," Mr Gorbachev seems to

be telling Mr Rajiv Gandhi. The Soviet leader openly pledged his country's full support to Mr Rajiv Gandhi against the hostile forces that are trying to destabilise India and undermine its unity. Such unqualified support is not quite in Mr Gorbachev's political style, as one saw during his visit to India last November. He had then invested India with the distinction of being the first country in Asia that he chose to visit after taking over as Soviet party chief, and yet he did not at that time speak the language of Mr Leonid Brezhnev, whose warmth for Mrs Indira Gandhi and India was rather pronounced.

In Mr Gorbachev's own words, changes have taken place in the situation around India in the intervening seven months which explain the need for talks with Mr Gandhi. With little evidence of a marked deterioration in the security environment around India since November, it is tempting to conclude that the Soviet appreciation of destabilising forces refers mainly to elements within this country. Though it is not spelt out in so many words, there are oblique hints in reports from Moscow that the West is suspected to be the source of support for the divisive elements at work in India. Such inferences may also find sustenance in the Prime Minister's recent angry remarks at a Delhi rally about the mentors of a neighbour (easily identified as Pakistan).

Those who had sensed in Mr Gandhi's policies in 1985 an inclination towards the West may see in his just-concluded Moscow visit a return to Mrs Indira Gandhi's policy towards Moscow. This should also mean a reaffirmation of the foreign policy nuances of Mrs Gandhi. To consolidate such a situation, the Soviet side seems prepared to go some distance, and meet slots that the West might have filled with advantage. Moscow's willingness to give India weapons that it has not lent to its Warsaw Pact allies is one such gesture. The Soviets are also conscious about India's expectations of receiving from the West advanced technology, including the super-computer. The newest Indo-Soviet pact on science and technology has to be viewed in this light. If India stands to benefit, it does not matter whether the source of technology and other assistance is the West or the Soviet Union.

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CSO: 4600/1848

INDIA

SOUTH ASIA

VISITOR TO PRC DISCUSSES BEIJING STAND ON BORDER PROBLEMS

Madras THE HINDU in English 1 Jul 87 pp 8, 9

[Article by N. Ram]

[Excerpt] Pluralism of Relations

A pluralism of relations expressing complex interests in a very complicated world may be considered quite the thing to expect from two big countries with sophisticated domestic and external, economic and strategic requirements. Adapting a rather neat formulation on Indo-Soviet relations by the former diplomat and international affairs scholar, Mr. A.K. Damodaran (see the article, "Stable equation" in FRONTLINE of November 15-28, 1986), to this case, it may be observed that "India's relations with the USSR, with the U.S., with Vietnam, with the United Kingdom, with Sweden, with Sri Lanka or with Pakistan are not in any way directly linked with the relations with China." In Sino-Indian relations, as in the equation between any two big countries in a comparable situation, "nervous conclusions" about the impact of "the improvement in the relationship of the other country" with a third power must be avoided and the "great temptation to extend the zero-sum game concept to a triangular situation" must be resisted.

In the words of Mr. Damodaran: "One has to remind oneself that in international relations at all times and, particularly today, when global, regional and ideological loyalties cut across each other with scarce consideration for diplomatic anxieties, it would be totally unrealistic to extrapolate a situation of total loyalty or adversity from personal relationships to the conduct of nations." This is why the Subramanian Swamy reading, that "the Chinese are not interested in a deal with the Rajiv Government because of his pro-Soviet foreign policy postures" and that there is no percentage in it for the Chinese, need not--should not--be treated as a valid appraisal.

India and China--as major countries and neighbours with problems--must by now be used to the reality of each country going its independent foreign policy route, which in either case responds to fairly difficult demands. The exchange of views on international subjects is always useful within limits, but basically neither country--certainly not India--has the means or the capability to "convert" the other to its point of view on any major international issue. The expectation apart, this might come reasonably close to the reality in contemporary Sino-Indian relations.

Pressure on India

However, the divergent roles and perceptions, and also presumed interests, of India and China in the South Asian regional picture do represent a problematical side for the relationship. Neither country can really pretend that the bilateral relationship can be isolated from the impact of the regional policies of the other. One important qualification must be entered here: there is no symmetry in this respect between India and China. Most realistic observers would recognise that, for a combination of reasons, China makes more of a difference to the way India wishes to handle its South Asian regional relations than India matters directly to Chinese frontline policy in either South-East Asia or the Far East, not to mention the 'Asia-Pacific region'.

China might feel it advantageous to continue to cultivate close and essentially dubious relations with Pakistan's military rulers or chauvinistic Sri Lankan regimes and there can be little doubt that this policy puts some pressure on India's bilateral relations with these South Asian countries and also on its regional interests and perceptions. On the other hand, there would be no justification whatsoever for India taking the route recommended by Dr. Subramanian Swamy and making changes in its stand on Vietnam or Afghanistan or in its policy towards Pakistan just to please China.

While this might be a valid statement of expectation or requirement, realism would lead Indian policy-makers into recognising that over the years China's regional tilt, or substantive relations in the region, have not been all that benign from an Indian national and democratic point of view. Having recognised this frankly, Indian regional policy calculations would do well not to assign too much weight or direct relevance to the Chinese interaction with the problematical or tension-laden areas.

India's problems with the undemocratic Pakistani regime are essentially tri-lateral, with the bilateral relationship made qualitatively worse or more tense by the U.S. policy of inducting a new generation of weaponry into the region (in the name of combating the Soviet military presence in Afghanistan). The recent visit to Pakistan by the Chinese Prime Minister and acting party general secretary, Mr. Zhao Ziyang, did have the effect of making a point in the South Asian region, but it need not be overblown into any kind of threat to India. The contribution made by China to bolstering Pakistan's military capabilities has been characterised by the long duration of the relationship and by quantity and mass, rather than anything terribly 'destabilising' from an Indian national security standpoint. Whatever India thinks of this military supply and political relationship, it is unlikely to raise this directly with the Chinese as a bilateral problem any more than it should feel obliged to explain to Beijing its major defence acquisitions, on very favourable terms, from the Soviet Union. In any case, the Chinese military input to Pakistan can hardly be characterised as the state-of-the-art in augmenting offensive or defensive capabilities. On the other hand, Islamabad's current heavy reliance on the United States for a new generation of sophisticated hardware appears to reduce, or devalue, the China factor in the regional picture.

Element of Restraint

Likewise, China's limited military and political contribution to the complications posed by the ethnic conflict in Sri Lanka has hardly been helpful from either a Sri Lankan Tamil or an Indian point of view. However, just as New Delhi would not dream of raising directly with Beijing the issue of Chinese military supplies to the Sri Lankan armed forces, India cannot be expected to entertain any Chinese queries on its interaction with the Tamil militants and refugees--or for that matter its relief operations meant for the people of the Jaffna Peninsula. India is a frontline State in relation to the island's ethnic conflict, while China is not. It would simply not be helpful to let such issues figure directly in bilateral relations where the problematical or negative overload is heavy enough.

It is perhaps not without significance that on the matter of India's air relief operations over the Jaffna Peninsula (June 4), both the Chinese leadership and the media did make clear where their sympathies lay, nevertheless Beijing did not push the point at any formal level. The Vice-Foreign Minister, Mr. Liu Shuqing, passed on the following thoughts to Mr. Tiwari in Beijing. The Sri Lankan nationality or ethnic (minzu) problem had to be solved by the Sri Lankans themselves and brooked no interference by any outside party. India's recent actions vis-a-vis the island had been "criticised by international opinion" and Beijing hoped that New Delhi would take note of this criticism. While this was a perception not likely to delight India, China desisted (in contrast to certain South Asian governments) from issuing either a public condemnation or disapproval of India's action or from sending any official messages to New Delhi. This could, under the circumstances, be interpreted as an element of restraint in the practical response to India's regional problems.

Testing Time

The period between mid-1986 and mid-1987 was a disquieting, unstable, quite testing time for the Sino-Indian relationship, with the military incidents in the Sumdorong Chu Valley of the Tawang area in the eastern sector and also the granting of Statehood to Arunachal Pradesh (in the old North-East Frontier Agency or NEFA region) in late 1986 complicating the unresolved boundary question, raising somewhat dormant emotions and involving the risk of letting an old dispute assume a fresh malignant life of its own. Both sides currently seem agreed on the reading that the western media speculation on reciprocal conflict preparation has been exaggerated and indeed baseless--but (reading between the lines) not so baseless as to dissolve the problem in a soft, painless way.

It is no secret today that perhaps the breaking point in working relations between the Prime Minister, Mr. Rajiv Gandhi, and the former Foreign Secretary, Mr. A.P. Venkateswaran, which came in December 1986 concerned no less a matter than India's policy towards China during a complicated phase. The independent-minded, thoroughly professional Foreign Secretary is known to have warned, at least on three separate occasions between September and December 1986, against the move of conferring (rather breezily) Statehood on Arunachal

Pradesh. He apprehended that the Chinese were bound to react strongly to this politically sensitive issue and this reaction was bound to complicate bilateral relations in a difficult phase, especially after the snow thawed. Facts have vindicated the Venkateswaran stand on the matter. (It must be realised, of course, that this professional judgment did not concede any notional or overreaching Chinese claims in the old NEFA region but only stood for a realistic foreign policy approach and methodology in a difficult area.) The benefits of full Statehood for the people of Arunachal Pradesh do not appear to have compensated for the implications of the active assertion--at the policy-making level--of the border controversy by the Chinese in the eastern sector, after virtually 25 years of letting the issue lie dormant. (The proposition relating to the concessions India was required to make in the east was first put forward by the Chinese side in 1985, for reasons that must be explored by scholars.) But since the political step has been gone through, India must now respond to a somewhat altered, more complicated border problem.

Virtual Deadlock

The seven rounds of official-level talks held between 1981 and 1986 have produced disappointment on both sides, with the last round in Beijing (July 21-23, 1986) signalling, in the words of G.K. Reddy, THE HINDU's Political Correspondent, "a virtual deadlock over the very definition, not to mention application, of the working principles that should prevail in negotiating a comprehensive settlement." Mr. Rajiv Gandhi might not be willing to concede that these talks--the framework of which he inherited from the earlier administration--have proved "sterile", but the very idea of giving "political content" to the discussion of bilateral relations, including the boundary problem, underlines the search for a different route.

At this juncture, it is important to be aware of not only the substance, but also the precise details and nuances, of the official Chinese thinking on the boundary problem. What became apparent to me during this visit to China was the unified understanding on, and the unexpectedly detailed attention currently paid to, the Sino-Indian boundary problem at various policy-expounding levels in Beijing.

In an informal discussion over dinner in suburban Beijing in the second week of June, a senior Communist Party official told me: "You know that the boundary question has involved some tensions in the recent period. We stand for settling the whole boundary question, which includes the western, middle and eastern sectors. The most disputed area is in the east. We are in favour of finding a settlement of the boundary problem through a political way, through friendly consultations. We cannot use armed force to resolve the problem. The key to a settlement is mutual understanding and mutual accommodation. We shall make concessions. You should also make concessions. Then the problem will be settled. During the (official-level) talks, our representatives said, "we will make concessions in the west and you in the east". Of course, this problem takes time to resolve through negotiations. But pending a solution, we shall maintain peace on the border and prevent any armed conflicts between us."

A briefing on June 18 from Mr. Yang Xhenya, Director of the Department of Asian Affairs in the Ministry of Foreign Affairs, ran along very similar lines, but he provided further details on the current Chinese thinking on what needed to be done immediately and what a border settlement might look like:

"The Chinese approach to the border issues is that they are of two categories: (a) historical problems and (b) the current emergence of problems.

"As for the historical problem, the Sino-Indian border has never been formally delineated. It is a complicated problem left over from the colonial period. We hold that both sides can settle this on the basis of mutual understanding and mutual accommodation, through friendly consultations and peaceful negotiations. There is no other way out. Of course it needs time, but we should be patient to negotiate this problem.

"As for the current problems, they are expressed in the tension in the border situation. It mainly happened in the eastern sector of the Sino-Indian boundary. Problems emerged at several places. Not so long ago, reports appeared about an emerging military conflict. These were not in conformity with the facts. The situation has not been as serious as the reports said. But naturally there are some problems. It is mainly because Indian troops crossed the Line of Actual Control in the eastern sector and set up posts on the Chinese side of the border. Especially in Wangdong Tun (Sumdurong Chu Valley) and Che Dong (which runs along the Kejeliang river).

China's Restraint

"We hold that pending a settlement the Indian side should not cross the Line of Actual Control, but should make efforts to safeguard peace and tranquility along the border. And the situation will become relaxed if India withdraws its troops in the occupied areas to the Indian side of the LAC. The Chinese side has exercised the greatest restraint.

"You asked me about the main content of Mr. Tiwari's visit. Through these talks, both sides have got a clearer understanding of each other's position on the border issues. Meanwhile, both sides have expressed the decision to improve relations in areas such as economic, trade and cultural relations and personnel exchanges while trying to settle the boundary problem. That has been the main content of the talks.

"The Chinese side is very eager to put forward proposals to settle the boundary question on the basis of mutual understanding and mutual accommodation. This should be the guiding principle for official-level talks. However, regrettably, both sides have not been able to reach an agreement on this. That is to say, the Indian side has never accepted this in principle.

"As for a possible solution, Mr. Ram, you may know that the Sino-Indian border should be divided into three sectors--the eastern, the middle and the western. Among these, the most disputed area is in the eastern sector. In the eastern sector, there are some 90,000 sq km occupied by the Indian side.

"Now, when we mention the Line of Actual Control, it is, with the exception of the Khinzemane, almost the same as the so-called McMahon Line. As for the McMahon Line, the Chinese side cannot accept it. However, in dealing with this problem, we should take into account historical facts, the status quo and the feelings of the two peoples and seek a fair and reasonable settlement.

Positive Proposal

"In this period, we put forward a positive proposal: the Indian side should make adjustments in the eastern sector and the Chinese side will make corresponding concessions in the western sector. This is a reasonable proposal and we still hold to it. We will take into consideration the feelings of the two peoples. But recently there has been a problem. At the end of last year, India upgraded Arunachal Pradesh to the level of a State. Frankly speaking, this set up a new obstacle to the settlement of the Sino-Indian border issues. It indicates that the Indian side is not prepared to make concessions and adjustments in the eastern sector. The spokesman of the Chinese Foreign Ministry has expressed our stand on this problem. Anyway, we are still holding talks and hope to settle this problem through peaceful negotiations.

"This position relating to the eastern sector represents the consistent stand of the Chinese side. There have been references to a 'package deal'. It is a package deal (we stand for). That is to say, both sides should make concessions, both sides should take into account the feelings of the two peoples. The border issue cannot be settled only through unilateral concessions. The Indian side has its own problem in explaining this to its people and the Chinese side also has its problems. The key to a resolution of the problem is mutual understanding and mutual accommodation. During the official level talks, the Indian side has not accepted this much. The seven rounds of talks have not scored significant progress, but the fact that there are talks is a good thing and it will enhance mutual understanding".

These remarks must be taken to incorporate the current Chinese official approach and also elements of what could be a bargaining position. The package deal is still on offer, but the adjustments to the stance--which is perhaps a tit-for-tat response to India's sector by sector preference--must be carefully noted so that no illusions are entertained in India which emphatically does not want a problem--political or military--on its northern borders.

An Area of Trust

The Prime Minister, Rajiv Gandhi's remarks of June 29 in a session with foreign affairs correspondents in New Delhi do signal a positive view of the bilateral situation, including the somewhat heated up boundary. Emphasising the mutual desire to find a solution to the border problem, the value of improving ties in economic, trade and cultural areas and building up "an area of trust", and the unwisdom of "isolating" the border problem in the equation need not perhaps be considered a new line on Sino-Indian relations.

But it does provide the opening for bold, progressive initiatives which break with the unilateralist approach to boundary definition, demarcation and settlement; which avoid the reiteration of old, rigid positions (including a case basically made in 1960-61); which regard the November 14, 1962 resolution of the Lok Sabha (which is supposed to commit successive Indian governments to "driving out the aggressor from the sacred soil of India, however long and hard the struggle may be") as a mandate that can be constructively passed on to the National Archives, for researchers rather than statesmen to pursue and draw lessons from; and which view the proposition of finding a solution to the boundary problem on the basis of "mutual understanding and mutual accommodation" (a longstanding Chinese formulation that seems to have got stuck in the official Indian throat) positively by getting used to the concept of mutual adjustment and a balance of give and take which ensure that neither side feels it has lost out too much in relation to territorial claims.

Technical Problems

In 1986, high-level Indian representatives did well to acknowledge publicly certain technical problems with respect to the lines in the eastern sector, for example the problem of 'thickness' in drawing the McMahon Line. But New Delhi needs to go beyond this in interacting purposefully--and very much in the national interest--with what the Chinese side terms the Line of Actual Control, and in recognising that areas of doubt and divergent interpretations and claims cannot be ruled out of the negotiating agenda in any unilateral way. (Here, the positive results that have flowed from the 1986 Gorbachev initiative on the Sino-Soviet boundary problem can be usefully studied.) Side by side--since the proposition of 'no military solution' seems to find acceptance in both Beijing and New Delhi--there could quickly be signalled a willingness to defuse, and then perhaps freeze, the problem of military positioning for both sides pending a solution. Going beyond this, India's top political leadership--whatever its current troubles and preoccupations--must prepare itself, the broad political spectrum and the people of this country for the major proposition of a modus vivendi solution on the Sino-Indian border, which does not have to concede any overreaching claims on the other side. The time for a practical initiative on the approach to the Sino-Indian boundary negotiations is now and it would appear to demand political skills--and courage--of a high order.

/13046

CSO: 4600/1836

PAPERS REPORT SITUATION ON ARUNACHAL BORDER WITH PRC

Recent Buildup Reported

Calcutta THE TELEGRAPH in English 23 Jun 87 p 1

[Text]

Silchar, June 22: The reported buildup of Chinese troops along the border with Arunachal Pradesh shows no signs of easing. According to sources in Dimapur and Shillong, China moved at least two more regiments to the border a few weeks ago, thus tilting the balance in the region in its favour.

The sources estimate the Chinese ground deployment in Tibet to have been raised to an all-time high of seven divisions along with three independent regiments, each having a strength of three battalions.

China has also stepped up its military presence in Tibet. The 62nd field army stationed at Lanchow in north-central China was shifted to Tibet early this year. Under normal circumstances, the Lhasa-based 18th field army alone oversees security operations in Tibet.

The mobility of troops in Tibet has become easier with the construction of a string of mountain roads, including the strategic Lhasa-Kathmandu highway.

Although New Delhi has rushed reinforcements to Arunachal Pradesh as part of Operation Chequerboard, the deployment is stated to be smaller in comparison to the Chinese mobilisation. India usually maintains only three mountain divisions in Arunachal Pradesh.

Chinese troops have made intrusions into Arunachal Pradesh during the past three months but they have not resulted in skirmishes. There was only one minor incident on April 20 when Indian troops had to fire in the air after spotting a Chinese detachment close to one of the forward positions in Tawang, north of the Macmahon line.

Military Officers' Appraisals

Calcutta THE STATESMAN in English 16 Jun 87 p 9

[Article by Nirmalya Banerjee]

[Text]

TAWANG, June 15.—The McMahon Line cannot be defended simply by sitting on it, a senior field commander in the Kameng Division of Arunachal Pradesh had commented after the War of 1962. This observation is partially relevant even today. Though there are areas in Arunachal Pradesh where the Army has access to the border and is well supported logistically, there are other areas where roads terminate far short of the border, where problems of maintaining troops are formidable and, let alone sitting on the McMahon Line, the Army finds it difficult even to reach it.

The Bumla-Tawang axis is the easiest route of ingress into Arunachal Pradesh for any invading army from the north, the border being only 40 km from Tawang town. Besides, there is a track that can be traversed in a jeep, which goes near the border. The Chinese had built this road in 1962 to transport their troops to Tawang town. Some of these roads have since been improved by the Border Roads Organization.

A visitor to this sector is greeted with sounds of firing. A senior officer explains that a practice firing is on. The rocky forces of the mountains are also being blasted on either side of the border, to enable troops to dig in. The Chinese come near the border often, but their activities so far, are said to be confined to opening bunkers and maintaining them. The main Chinese concentration in this area is at a distance from the border.

As opposed to the panicky reaction of 1962, the build up of Indian defence positions this time, is said to be a "normal, deliberate and pragmatic move". Senior Army officers in the sector feel confident that the mistake, committed in 1962, of leaving Tawang exposed while rushing all available troops to meet the enemy in the Thagla Ridge area will not be repeated. In 1962, the entry of the Chinese into Tawang had opened the route to Bomdila and the foot-

hills, as Bomdila had also been left unguarded. A General said that the emphasis is now on building the morale and confidence of the troops so that they are not at a psychological disadvantage.

In this sector, the most crucial one on the entire Arunachal Pradesh border, the McMahon Line itself is also well-guarded. At Samdurong Chu, where Chinese troops have actually crossed the line, Indian troops have occupied vantage points dominating the Chinese post. A study of the terrain indicates that the Chinese have made a mistake by entering the low-lying valley, which is difficult to defend. However, at Samdurong Chu, they are building sheds and carrying forward stocks with porters. A recording of the number of blasts carried out indicates that the defensive build-up is intensive. In the Thagla Ridge area, Chinese troops "come and go". Sometimes they intrude into Namka Chu valley as well.

In the underdeveloped Subansiri and Slang divisions of Arunachal Pradesh, however, roadheads on the Indian side often fall far short of the border. There are mule tracks and trekking routes, but choices relating to the deployment of troops are not always present, because of problems of maintenance. A General explains that a mule, in these terrains, cannot carry more rations than is required for his own consumption in six days. They cannot therefore be engaged to carry ration for troops which are more than three days' march away. The other answer is air maintenance. Advance Landing Grounds and helipads are being used to reach supply to troops in fairly forward areas, but the hilly terrain, the adverse climatic conditions and a shortage of suitable types of aircraft restricts the capabilities of air sorties.

It is pointed out that the first aim of building roads is opening up new areas and facilitating the harnessing of natural resources. Road building is development

oriented. Building roads for strategic purposes gets second priority. As a Colonel puts it: "We have to adjust our defences in keeping with the progress of road building programmes". Roads are built where there are human habitations while on the other side of the border there are roads "leading nowhere", that is, they are strategic roads.

A senior officer observed, however, that the Army has often benefited from road building programmes of the State Government. For instance, the road from the foothills to Tawang is a metal road capable of taking heavy traffic in any weather, though it is sometimes blocked by landslides and snowfall near the high passes. Winter poses its own problems in forward positions which are, in places, at a height of 17,000 feet. But, winter clothing is no longer a crippling problem and in some places there are even "snow huts" for troops. In this respect the situation now is said to be different from that which prevailed in 1962.

The military appraisal of the situation at Arunachal Pradesh, as summarized by senior officers, is that the initiative for war or peace lies with China. The Indian Army has no hostile intention though, as a reaction to the Chinese intrusion in Samdurong Chu valley, it has consolidated its positions along the border. The Chinese build-up has so far been limited in areas close to the border though there are larger build-ups further inside.

It is felt that there is no necessity of matching the enemy "division for division" in this terrain, because the supremacy of numbers alone is not the decisive factor. Tawang is the most lucrative military objective, but the arrangements for its defence are elaborate. In other areas, intruding troops will be handicapped by the absence of roads. The narrowness of the valleys in these areas also make a coordinated effort difficult.

/9274

CSO: 4600/1823

AID TO FOREIGN COUNTRIES RISING STEADILY

Calcutta THE TELEGRAPH in English 23 Jun 87 p 8

[Article by K. K. Sharma]

[Text]

New Delhi, June 22: At a time when a crucial meeting of the Aid India Consortium is being held in Paris to consider the foreign aid requirements of this country, it might be as well to remember that India has also been dispensing foreign aid to some African and Asian countries.

The foreign aid that India gives is not very much but it has been rising steadily to reach Rs 164.1 crores in 1986-87. It is a fairly hefty amount for a country seeking aid of Rs 5,800 crores for the current year and whose own debt servicing ratio has risen sufficiently to cause concern.

The largest recipients of aid from India continue to be the neighbouring countries. Bhutan received Rs 82.29 crores last year, of which Rs 60.03 crores was as outright grants and Rs 22.26 crores as credits for commodity loans.

Nepal got Rs 34.44 crores, of which Rs 9.44 crores was in the form of grants and Rs 25 crores as credits and commodity loans. The aid given to both countries is almost entirely as outright grants.

Although Nepal has substantial foreign exchange earnings of its own, mainly because of remittances from Gurkhas serving overseas, the aid is vital to Bhutan which needs not only foreign exchange provided by India but also help to keep its relatively undeveloped economy going.

Bilaterally, the main recipient of Indian aid in Asia, apart from

immediate neighbours, is Vietnam whose economy has been under strain ever since its war with the USA and later with China. In 1986-87, Vietnam got 100,000 tonnes of wheat worth about Rs 19 crores and it also benefitted marginally under India's technical aid programme.

Vietnam has been getting food aid for some years now. In fact, the wheat shipped to it is given as a loan, a substantial part of which is now due to be returned. However, in view of India's own sound foodstock position—grain stocks are now over 23 million tonnes—and Vietnam's economy continuing to be under heavy strain, it is expected that repayment will be delayed.

Another notable recipient of India aid is Mauritius which has been getting credits worth Rs 5 crores for a number of years, mainly for import of Indian goods. Somewhat more controversial is the aid given to Nicaragua because of the impact on relations with the USA, in whose area of political influence this country falls.

However, a large part of aid from India goes to institutions like the African Development Bank, Africa Fund, Colombo Plan and Escap. A total of Rs 5.83 crores went to these institutions in 1986-87.

Political factors obviously weigh heavily in grant of aid by India to other countries and, because of the country's own enormous needs. This is unlikely to increase by much in the near future.

TWO MORE PAKISTAN ESPIONAGE GANGS BUSTED IN JAMMU

New Delhi PATRIOT in English 29 Jun 87 p 5

[Text]

Jammu, June 28 (PTI)—With arrest of 13 persons from different places in the Jammu region, intelligence agencies and BSF personnel today claimed to have unearthed two more gangs operating for Pakistan espionage network for the last several years.

The inspector general of BSF, Jammu frontier, Mr Shilendra Nath Misra, told newsmen that the BSF patrolling party succeeded in apprehending two Indian nationals, who were kingpins of the Pakistani spy ring, during an ambush at Ranbir Singh Pura border last Friday.

He said these two persons, who were identified as Manzoor Hussain of the border district of Poonch and Tilak Raj of Purani Mandi locality of Jammu city, were arrested under dramatic circumstances while they were sneaking into Pakistan along with some documents including information regarding Indian defence installations in the Jammu region.

He said the arrest was made after some clues provided by one Tariq Mohammed, an alleged Pak spy, who was nabbed by the BSF patrolling party from Samba border recently.

During preliminary interrogation, the two have confessed that they had been working for the geographical section of the field intelligence unit (FIU),

a Pakistan military intelligence agency supervising sabotage and subversive activities in northern India, especially in Punjab and Jammu and Kashmir.

In another joint operation launched by the intelligence agencies, at least 11 people, including 7 Pak nationals, were arrested from Mankot area in Mendher tehsil of the border district of Poonch.

According to official information received here, their arrest was made during a raid at Mankot village near the line of control.

Those arrested were identified as Kalu Khan, Mohammed Sharief, Manzoor Hussain Shah, Khadam Hussain Shah, Khursheed Hussain Shah and Maulvi Jalal Din of Kotly district of Pak-occupied Kashmir. They were shifted to the Jammu interrogation centre.

During interrogation, they confessed that they had crossed into Indian territory with a definite plan of sabotage in Jammu and Kashmir.

They also disclosed their links with some influential people in Poonch and Rajouri and confessed that they were collecting information about terrorist and anti-national activities in Jammu and Kashmir and Punjab and were also supplying arms and ammunition to the anti-national elements.

/13046

CSO: 4600/1835

BOFORS REFUSES TO ANSWER QUESTIONS ON KICKBACKS

Calcutta THE SUNDAY STATESMAN in English 28 Jun 87 p 1

[Text] STOCKHOLM, June 27.—The president of Nobel Industries has said Bofors will not answer the Indian Government's questions on who received alleged kickbacks amounting to millions of dollars for a record arms deal, reports AP.

Mr Lars-Erik Thunholm, president of Bofors' parent company, Nobel Industries, told the Stockholm daily, Svenska Dagbladet, that they were bound by secrecy agreements not to disclose the recipients of 170-250-million kronor (\$26-\$39 million) that the company called commissions and company critics labelled kickbacks for a 8.2-billion kronor (\$1.3 billion) sale of howitzers to the Indian Army.

But the company had followed an agreement with the Indian Government and had not used any middlemen in the deal since November 1985, he said in the interview published today. The contract was signed in March 1986.

Mr Thunholm said: "After November 1985, when the Indian Government demanded no middlemen should be used, all middlemen were disconnected".

Svenska Dagbladet said it

was the company president's first interview with the Press on Bofors' arms exports plagued by a rash of allegations of smuggling to West Asia and bribery in the Indian deal. He denied Bofors paid bribes and said the company had "followed the Indian Government's intentions".

Mr Thunholm said the Indian Government had demanded information on who received the payouts to Swiss bank accounts. "But the recipients of the money have not approved that we break the secrecy. If we sign a contract with someone who demands secrecy, we cannot break it", he was cited as saying.

He said it "was unlikely" that Bofors would ask the recipients for permission to disclose their identities. In a reply to a question he said he "did not know in detail" what services Bofors' Indian agent, Mr Wn Chadda, was paid for. "But I believe he has provided administrative services — offices, telephones, telex, etc", Mr Thunholm said.

Explaining what type of work the middlemen had done for Bofors, the company president said that "we have

spent 10 years working on this deal and have had a normal representation in India and in other places where our services were needed — technical work, consultative work and administrative services".

Mr Thunholm dismissed criticism against Nobel Industries by Sweden's Foreign Minister, Mr Isten Andersson, for hurting Sweden's image abroad and threatening the future of the company by his reluctance to clarify details in the affair. Mr Andersson last week first attacked the company's chief shareholder, Mr Erik Penser, but later extended the criticism to the entire board of Nobel Industries.

Mr Thunholm said the criticism was "strongly exaggerated. That we are decent enough to follow international business secrecy and signed agreements cannot hurt anyone. Everyone who has to do with business knows what it means".

He said Mr Andersson's attacks were probably triggered "by that he feels embarrassed toward the Indian Government".

/13046

CSO: 4600/1847

PAPERS REPORT DEVELOPMENTS IN DEFENSE PRODUCTION

Plan for AWACS

New Delhi PATRIOT in English 2 Jul 87 p 6

[Text]

Bangalore, July 1—The Defence Research and Development Organisation (DRDO) has started working on plans to give the country indigenously developed AWACS to counter the one being supplied by the US to Pakistan.

This was indicated here today by Electronics and Radar Development Establishment (LRDE) director S Rajendran who said the LRDE itself will play a big role in the project.

Addressing newsmen on the eve of a three-day seminar on "defence initiatives and spin-offs in communications" which will be inaugurated here tomorrow by Union Defence Minister K C Pant, the LRDE director said the Government of India has formulated 'definite plans' to develop its own AWACS. "There is no blueprint for the development of the AWACS and we have to design our own indigenous system", he added.

He further said that since the LRDE is dealing with the research and development of sophisticated radar, it will have an important role to play in this project.

Asked as to how long it will take the DRDO to develop the AWACS, Mr

Rajendran declined to elaborate. However, to another question whether it would take 15 years, he replied "it may take less than that".

Mr Rajendran parried all other questions on the subject and requested newsmen not to play this up.

Following the lead given by Prime Minister Rajiv Gandhi last January to share the results of research and development with public and private sector industries for a rapid industrial development of the country, the LRDE has taken a lead in organising the seminar which is abbreviated as 'DISCOM'.

Mr Rajendran said the objective of the seminar was to acquaint all prominent civilian agencies such as DOT, ONGC, Railways, NTPC, BSF, and police etc, about the defence communication equipments and systems developed by the DRDO which are in regular production or are likely to go into production in the near future.

The seminar will also highlight the possible civilian application of the defence equipments. The public sector agencies will be given a presentation on the basis of their contributions to the defence communication and the various civilian users agencies will present their communications requirements.

Pant's 2 Jul Press Conference

Bombay THE TIMES OF INDIA in English 3 Jul 87 p 9

[Text]

BANGALORE, July 2.

THE defence minister, Mr K. C. Pant, said here today that the government had already written to the West German submarine manufacturers seeking information on the payoffs to agents.

The minister was talking to newsmen after inaugurating a seminar on defence initiatives and spin-offs in communication (DISCOM) being organised by the Defence Research and Development Organisation (DRDO).

Mr Pant also said the effort of the government would be to "move towards self-reliance" in sensitive areas of defence production. Certain defence technologies could be used for the larger good of the nation. The country had "mountains of blue dust" (particles of iron ore). A defence laboratory had the technology to turn this dust into fine iron powder which could be used in the manufacture of goods.

Answering another question, he said the Light Combat Aircraft (LCA) project was going on schedule. "We are actually in the middle of the project". In the Main Battle Tank (MBT) project, he said the diesel engine had developed certain problems. This was being sorted out.

Asked when the Indian version of the AWACS would be ready, the minister said in some areas people should be kept guessing.

Earlier, inaugurating the seminar, Mr Pant said the time had come to have a total look at the achievements of the DRDO in the area of defence communications and examine the technologies that could be used for national telecommunication needs.

Mr Pant said communications should be given top priority as it was a vital link for future development. It was extremely important from the point of view of improving the quality of life that rural and urban communications should be made reliable and foolproof. He also called for exploiting the possibilities of "communication revolution" through computers.

The blending of the two technologies had led to the creation of new telecommunication services like teletext, video teleconferencing and electronic mail. Recent advances in information and communications technologies should be used to reach out to cover the largest number of people at a minimum cost. The country had missed the industrial revolution. It should not miss the bus now also.

The minister said there was compartmentalisation in the government between defence and civilian sectors. In areas in which interaction between the two would be beneficial such interaction seldom took place. This compartmentalisation must be got over, he said.

BEML Product Range

Madras THE HINDU in English 3 Jul 87 p 4

[Text]

BANGALORE, July 2.

The country must accept bigger challenges and be able to keep abreast of the latest technological developments if it was to be self-reliant and was to make full use of the trained manpower developed since Independence, the Union Defence Minister, Mr. K. C. Pant said today.

Speaking of the need to assimilate technology, Mr. Pant said the real test of this was, if we imported and if it was a genuine requirement of the country then we must have the competence to assimilate that technology and not need to import it again.

Mr. Pant who inaugurated the Hydraulics and Powerline division of the public sector Bharat Earth Movers Limited at Kolar Gold Fields about 100 km from here had a good word for the unit for producing the components and parts ahead of schedule and wanted this mes-

sage to go to every factory in the country.

Keep costs down: Mr. Pant also stressed the need to ensure that the capacity utilisation was high and costs were kept down while maintaining high productivity and quality.

Referring to a plea made at the function by Dr. Venkatesh, MP on the need for an engine unit in KGF to rehabilitate the workers displaced by diminishing gold deposits in the Kolar mines, Mr. Pant said the Government was aware of the problem and had tried to absorb them elsewhere.

The Union Minister of State for Defence Production Mr. Shivraj Patil described BEML as one of the finest public sector undertakings which was making profits. He hoped that it would continue to earn profits and maintain high efficiency while simultaneously remaining cost effective and competitive.

Widen product range: The Rs. 30-crore unit has been set up by the BEML to widen the area

of the hi-tech product range and also to double the share of supplies to the vital defence sector.

Originally conceived as a unit to manufacture transmission and allied powerline assemblies for an infantry combat vehicle being produced in one of the ordnance factories, the unit's scope has been enlarged. It now covers manufacture of transmission components final drive and axles for BEML Tatra heavy duty trucks being made in the Bangalore complex and highway bulk transportation in vital defence and civilian sectors.

The division also proposes to take up production of stabilisers for army tanks. The master plan of the division envisages manufacture of transmissions and sub-assemblies for a number of fighting vehicles in addition to taking care of similar requirements of BEML's earth mover division.

Welcoming the chief guests, Mr. M. B. Ajwani, chairman and managing director of BEML said the unit was ahead of schedule

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CSO: 4600/1838

NEWSMEN BRIEFED ON SESSION OF CONGRESS-I COMMITTEE

Calcutta THE TELEGRAPH in English 23 Jun 87 p 1

[Text]

New Delhi, June 22: The Congress(I) Working Committee (CWC) today decided to hold a special session of the All India Congress(I) Committee (AICC) in August this year.

Briefing newsmen after a five-hour marathon session of the CWC, the AICC general secretary, Mr Nawal Kishore Sharma, said the date and the venue of the session would be announced soon. The AICC has not met for a single occasion in the past 18 months, with a proposed session in Imphal last December being put off without any concrete reasons.

The CWC, which expressed concern over the total rout of the party in the Haryana elections, authorised the party president, Mr Rajiv Gandhi, to set up a committee for finding out the causes of the debacle. The committee, to be constituted in a day or two, will be asked to submit its report to the CWC within three weeks.

Party polls

Mr Sharma said the meeting also decided to reactivate the party from grassroot level in all the states. Organisational elections, disrupted due to infighting

and enrolment of bogus members, would be completed by January next year, Mr Sharma added.

Reviewing the overall situation in the party, all the CWC members said infighting and slack campaign led to the Haryana debacle. Mr Rajiv Gandhi, who presided over the meeting, patiently heard the CWC members' suggestions.

A schedule for the organisational elections will be announced soon by Mr Uma Shankar Dikshit, who headed a high-power committee constituted to sort out complaints of enrolment of bogus members.

Mr Sharma said the CWC also decided to constitute two other committees, to be set up by Mr Rajiv Gandhi, for reviewing the socio-economic policies and programmes of the government and assessing the communal situation in the country.

PM to remain party chief

While answering questions, Mr Sharma said there was no question of Mr Rajiv Gandhi relinquishing the party president's post. He emphatically de-

nied that Mr Gandhi had expressed a desire to step down from the post.

He said the meeting did not discuss dissident activities in the party. When a newsman asked him whether a senior CWC member criticised Mr Gandhi at the meeting, Mr Sharma retorted, "You are totally mistaken and your information is not correct."

PM meets CMs

With the battle lines drawn for the forthcoming presidential elections, the Congress(I) is gearing up its machinery to ensure the victory of its candidate, Mr R. Venkataraman.

The issue is understood to have figured in discussions which the Prime Minister, Mr Rajiv Gandhi, had with some of the Congress(I) chief ministers and leaders here today. Those who called on Mr Gandhi included the Rajasthan chief minister, Mr Harideo Joshi, the Orissa chief minister, Mr J.B. Patnaik, the former Kerala chief minister, Mr K. Karunakaran, the Youth Congress(I) chief, Mr Anand Sharma and Mrs Meera Kumar, MP.

/9274

CSO: 4600/1823

CORRESPONDENT ALLEGES OFFICIAL HAND IN MEERUT MASSACRES

'Major Coverup' Noted

Calcutta THE TELEGRAPH in English 26 Jun 87 p 1

[Article by M.J. Akbar]

[Text]

New Delhi, June 25: The Uttar Pradesh chief minister, Mr Veer Bahadur Singh, knew about the planned massacre of Muslims in Maliana, and encouraged the idea as a means of teaching the Muslims a "lesson." The policemen acted with murderous impunity because they knew they had the chief minister's backing.

Mr Veer Bahadur Singh did this to appease Hindu sentiment after the administration had failed to protect Hindu life and property during the first two days of the riots. This last round of rioting in Meerut, which took such a heavy toll on both sides, was, in fact, started by Muslims. The price that was extracted from the community for this effrontery was the arbitrary and wilful massacre in the village of Maliana, of "suspects" picked up from the Mohalla, Hashimpura, in the heart of Meerut. The police killed wantonly in Maliana village itself, while residents of Hashimpura were taken to the edge of a canal, shot dead, and thrown into the canal.

One senior police officer who objected to this "revenge" plan has been transferred—out of Meerut.

The state government has also launched a major coverup drive by planting false stories to the national news agencies and selected, influential newspapers saying that the 85 persons missing in Maliana have

"returned." (As Sankarshan Thakur reported in THE TELEGRAPH last Sunday, this is a blatant and absolute lie. Pressure was put on this newspaper to prevent the publication of this story.)

Now the Union home minister, Mr Buta Singh, has given central sanction to this lie by categorising the reports of the Maliana massacre as "disinformation." Mr Buta Singh said this at the meeting of the National Integration Committee on Tuesday.

Mr Veer Bahadur Singh has found it necessary to conduct this cover up because of rumours that his job was in danger after the Prime Minister's visit to Meerut and his visit to Maliana, where he heard the stories of the massacre himself from the local people.

But the coverup is not working because at least members of the police force with some conscience are beginning to speak out, though they are not ready to go formally on record. The district administration of Meerut (which obviously has been guilty) has prepared the report for the Union home ministry which concludes that nothing much happened in Maliana.

The state government has opted for silence as the answer to the charge of the massacre

of the residents of Hashimpura, in the hope that everyone will simply forget that it ever happened. People from this area were lined up near a canal and shot dead by the Provincial Armed Constabulary.

A lobby around the Prime Minister is trying to persuade him that dumping Mr Veer Bahadur Singh now will lead to the loss of the "Hindu vote" in Uttar Pradesh, and therefore, a way has to be found to save Veer Bahadur Singh. It remains to be seen whether Mr Rajiv Gandhi will act or will compromise once again in search of yet another elusive vote.

Starting from the reopening of the Babari Masjid following a manipulated court order, Mr Veer Bahadur Singh has been using the "Hindu" card as a shield with which to defend his chief ministership. Fortunately in our country such politics does not work, which is why the Congress is in a shambles today in Uttar Pradesh. Mr Veer Bahadur Singh has done enough to destroy his party in his own state. We will see whether his destructive finger will now touch the Union government—which is hardly blessed with good health either at the moment.

Deathlist Published

Calcutta THE TELEGRAPH in English 28 Jun 87 p 1

[Article by Sankarshan Thakur]

[Text]

Maliana (Meerut), June 27: This story is for the benefit of Mr Buta Singh, Union home minister, who told a meeting of the National Integration Council (NIC) that the allegations of a massacre at Maliana by the PAC was "disinformation" and that the "missing" were returning home.

This story is meant for the eyes of the chief minister of Uttar Pradesh, Mr Vir Bahadur Singh, who has launched a massive cover-up of one of the most shameful episodes in our independent history.

This story is meant for the district magistrate of Meerut, Mr Radheyshyam Kaushik, a government officer who has been lying blatantly in an effort to hide a brutal massacre of innocent people.

This story is meant for the conscience of those bureaucrats who claim that they are now confused about what happened in Maliana after the Uttar Pradesh government's "clarification."

All these men of power and authority have been trying to persuade the nation that nothing much happened in Maliana. And the government of Uttar Pradesh, through its information officer in Delhi, has been planting stories on the media to spread such an impression.

We print here the death toll—a list of people who were killed by

the murderous jawans of the Provincial Armed Constabulary and the mobs that accompanied them only in Maliana. (The massacre of those picked up from Hashimpura is another story. So far, this callous administration has not tried to cover up that accusation, at least.) We have reason to believe that the number of the dead in Maliana could be higher than this.

This is a list of 67 names given by relatives and friends who witnessed the massacre and, therefore, the margin of error is minimal. The final tally could well be higher because many bereaved have run away in fear and have not yet returned. On page five we print pictures of individuals who have lost close relatives, and who will be eager to provide witness of their horror to an honourable and independent body.

Here is the list of the dead: Mudassar Ali (26), son of Liaqat Ali; Mohammed Ashraf (40), son of Karim Baksh; Gulfam (22), son of Anwar Ahmed; Tasleem (20), son of Hanif Ahmed; Nasir Ahmed alias Munna (24), son of late Bashir Ahmed; Kaniz Fatima (42), wife of Mohammed Yaseen; Bablu (6), son of Ali Hasan; Shahjehan (12), daughter of Umar Deen; Mohammed Ali (70), relatives unknown; Ibrahim (11), son of Abdul Sattar;

Yusuf. (22), son of Abdul Sattar; Yunus (15), son of Abdul Sattar; Noorjehan (10), daughter of Abdul Sattar; Shabnum (8), daughter of Abdul Sattar; Zebunnisa (20), daughter of Abdul Sattar; Ballo (24), daughter of Abdul Sattar; Asgari Begum (40), wife of Abdul Sattar; Abdul Sattar (45), son of Mohammed Ali; Munni (20), relatives unknown; Sanjeeda (10), daughter of Shareef Ahmed; Mehmood Ahmed (35), son of Aziz; Naseem Bano (30), wife of Mehmood Ahmed; Mohammed Arif (15), son of Mehmood Ahmed; Mohammed Waris (8), son of Mehmood Ahmed; Aftaab (3), son of Mehmood Ahmed; Tarannum (12), daughter of Mehmood Ahmed; Mehmood Ahmed (60), relatives unknown; Mohammed Akbar (65), son of Itwari; Bilkees (17), daughter of Mange Khan; Mange Khan (40), son of Kabul Khan; Raessa (13), daughter of Mange Khan; Kashmiri (38), wife of Mange Khan; Rashid (45), son of Mohammed Shakura; Eedan (40), wife of Rashid Ahmed; Akbari Begum (50), wife of Khairati; Jumma (50), son of Ahmed Karim; Saeeda (30), wife of Ismail Ahmed; Shakoor (80), son of Alla Mehr; Rafiq Ahmed (26), son of Bashir Ahmed; Kallu (45), son of Hussain Baksh; Bashiran (40), wife of Ali-muddin; Zeenat (35), wife of Naseem Khan; Razia (40), wife of Sageer Ahmed; Sageer Ahmed (45), son of Ismail Khan; Usman (28), son of Subhan Ali; Jumma (age unknown), son of Abdul Karim; Rafiq Ahmed (48), son of Allahdiya; Husnoo (45), wife of Rafiq; Nafees (26), son of Rafiq; Rahisu (20), son of Rafiq; Neemo (22), wife of Nafees; Sabia (18), wife of Rahisu; Gudiya (5), daughter of Nafees; Babli (3), daughter of Nafees; Munni (2), daughter of Nafees; Zulfikar (1), son of Rahisu; Farooq (35), son of Kallu; Muneqza (32), wife of Farooq; Jullo (14), daughter of Farooq; Mumtaz (12), daughter of Farooq; Sartaj (9), son of Farooq; Alisa (4), daughter of Farooq; Gudo (5), daughter of Farooq; Rukhsana (12), daughter of Anis Ahmed; Shehzad (2), son of Anis Ahmed; Reshma (1), daughter of Farooq; Ballu (4), son of Munni Begum.

Special FIRs have been registered by relatives and village elders for each of the 67 dead. Islamuddin, a Maliana resident, who has been maintaining records of the PAC massacre and its aftermath, showed this correspondent copies of the complaints, duly

stamped and signed by the authorities. "If the government says nothing happened here and very few people died, we are ready to agree. Only, they should return our people. The government is lying."

The Telegraph could verify the death of 49 persons by speaking to close relatives and neighbours of the dead in the Maliana area.

Several affected families have abandoned Maliana in fear after what happened on May 22 and 23—their houses, the ones that still stand, lie empty.

The Meerut administration, in its report, is believed to have said that nothing much happened in Maliana. The district magistrate, Mr Radheyshyam Kaushik, himself boasts that "the administration has come clean with the return of 85 of the missing persons. There was no massacre in Maliana as reported in a section of the press." The simple question to ask him is: If nothing much happened in Maliana, how were 70 houses in the village, which his own administration is now repairing at a cost of over Rs 2 lakhs, burnt down or demolished?

And the claim that 85 of the missing persons from Maliana had "returned," or been "traced," too, is a cover-up for the crime. The 85 persons who have taken shelter in Kalenjari village are not from Maliana but Multannagar. And Islamuddin of Maliana makes it very clear that the list of 67 dead has nothing to do with the people in Kalenjari. "They are different people, we never named them in our list. Perhaps the government prepared its own fake list and then said people had been found."

The government's attempt to confuse the entire affair is only too evident from the different figures they have been quoting on different occasions. Officially the administration says only 15 persons died in Maliana but the same administration has given compensation claims for the deaths of 19 people.

The Uttar Pradesh government claimed that "85 of the 111 missing persons have returned," and yet, some days later, the home minister, Mr Buta Singh, tells the standing committee of the NIC that "86 of the 96 persons have been traced." How did 111 become 96?

The people in Maliana are still there in fear and dread, because the PAC is still around, and the chief minister is still around, and the lying district magistrate is still around. And this story is, in the end, an appeal to the conscience of India to stand up and cry against the horror and fascism.

CPI-M LEADER WRITES ON DOMESTIC AFFAIRS, FOREIGN POLICY

People's Democracy Article

Bombay THE TIMES OF INDIA in English 28 Jun 87 p 7

[Text] New Delhi, June 27. The concerted moves by Congress dissidents to co-operate with the opposition in a bid to bring the President, Mr Zail Singh, into the contest for the presidency was an attempt at drawing the President into the factional politics of the ruling party, Mr E.M.S. Namboodiripad, CPM general secretary, has said.

In an article to appear in People's Democracy", the party's central organ, the veteran Marxist leader argues that the way Mr Zail Singh's name was being sponsored by dissident Congressmen showed it was a matter of "factional intrigue" within the Congress, rather than a case of a section of Congressmen being prepared to unite with the opposition in the struggle against "the anti-people policies of the Congress government".

Mr Namboodiripad said two kinds of responses were available from the opposition parties in the controversial situation. According to one, since the Congress was in such serious crisis, the task was to intensify it by sponsoring a candidate who could mobilise the votes of a large number of Congress MPs and MLAs.

The other was the response that the opposition should sponsor a candidate who would put up a "stiff but principled" fight as the Congress was in crisis not only factionally but, more importantly, politically.

The first course would amount to a factional mobilisation of Congress MPs and MLAs, and the latter a political mobilisation, the CPM general secretary noted.

He said Mr Chandra Shekhar and Mr N.T. Rama Rao, his colleagues in the three-man committee to choose an opposition candidate for the President, opted for the first course, but the left parties eventually succeeded in persuading them to retrace their step, and choose the second option, making Mr Justice Krishna Iyer the "unanimous" choice of the opposition.

Appealing even to Congress MPs and MLAs in the electoral college, Mr Namboodiripad said a vote for the Congress candidate, Mr R. Venkataraman, would mean a vote for the "subversion of a vital provision of the Constitution"-- the fine balance between the powers and functions of the Prime Minister and the President. He asked them to vote for the opposition candidate if they wanted to prevent this subversion.

The possibility of the subversion arose, the CPM leader said, because the vice-president had been sponsored as the Congress candidate after the Prime Minister, Mr Rajiv Gandhi, had attempted to reduce the President to a cipher and had interpreted the Constitution to argue that the President was entitled only to such information as the Prime Minister and his cabinet were willing to supply.

Mr A.R. Antulay, a party colleague of Mr Gandhi's, had gone a step further and argued, Mr Namboodiripad said, that the constitutional provision obliging the President to act according to the advice tendered by the cabinet meant that he should resign his post when the cabinet "advises" him to do so.

Whether or not Mr Venkataraman would subject himself to these humiliating conditions under which he was being sought to be elevated to the position of head of state was another matter, the CPM leader said. He added: "The point is that the people of India are reduced to a position in which, if Mr Gandhi and his party have their way, the highest post under the Constitution will be occupied by a person who has to humiliate himself if he is to be elected."

Mr Namboodiripad said the critics of the left, and he mentioned the BJP which accused the left of "thrusting" its candidate on the opposition, were unconcerned about the issue that had been thrown up. The election campaign will be fought on the functions of the President and the Prime Minister as defined in the Constitution.

In this context, the quoted Mr Justice Iyer to say that the President and the Prime Minister must understand each other's powers, as laid down in the Constitution, and accept them.

Article in Party Daily

Bombay THE TIMES OF INDIA in English 28 Jun 87 p 8

[Text] Trivandrum, June 27. The CPM general secretary, Mr E.M.S. Namboodiripad, is of the view that the left parties and other opposition forces cannot form a permanent joint front at the all-India level so long as they differed on foreign policy issues and the status of the President vis-a-vis the Prime Minister.

This is why the CPM and other left parties have rejected the concept of a confederation of opposition parties mooted by Mr N.T. Rama Rao and Mr Ramkrishana Hegde, says the Marxist leader in an article published today in the party daily "Desabhimani".

According to Mr Namboodiripad, the left parties consider the policy of non-alignment as one largely suitable for safeguarding national interests. But the Centre has often "tended to vacillate" in this policy because of economic factors like links with capitalists governments and multinationals.

At home, the "ruling classes" have been following "anti-people" policies. "As such, the leftists have been backing the anti-imperialist policies of the government while opposing simultaneously the vacillations on the foreign policy front and the internal policies as a whole," he says.

He concedes that some of the constituent units of the Left Democratic Front (LDF) in Kerala, like the Janata Party, the Congress(S) and the Lok Dal (B), do not share the leftists' views in this regard. But this has not affected the smooth functioning of the alliance because issues related to the foreign policy are not relevant to it.

Mr Namboodiripad says the left parties disagree with the view of certain opposition parties that "the destabilisation threat from imperialist forces" highlighted by the Congress working committee recently is only a "paper tiger". They feel that attempts at interference by imperialists are real and the threat should be met "By improving the foreign policy and modifying internal policies."

The Marxist leader says while all opposition parties are united in their opposition to the Congress bid to reduce the President to a mere tool in the hands of the Prime Minister, the left parties do not share the view of some opposition parties that the President has, or ought to have, the right to dismiss a Prime Minister even when he enjoys majority support in parliament.

Mr Namboodiripad refutes the charge that the CPM's alliance with the Lok Dal (B) in the recent Haryana assembly poll was "opportunistic". He points out that the CPM, or the CPI, did not at the same time, hesitate to oppose the BJP, with which the Lok Dal (B) had entered into an alliance.

The same thing had happened in Tamil Nadu, where the CPM forged an electoral pact with the DMK despite the latter's links with the Muslim League. In both states, the pacts were based on the stand that there would be no compromise with communal forces irrespective of the election results.

"It is true that the CPM has ventured in the past to forge electoral links with parties like the Jana Sangh at the central level and with the Muslim League in Kerala" says Mr Namboodiripad. "This was done at a time when there was an imperative need to defeat the Congress which was an all-powerful force at the national level. And the communal reactionary forces had not become, as at present, a threat to national unity".

/13046

CSO: 4600/1832

PAPER REPORTS ACTIVITIES OF ARUN NEHRU, COLLEAGUES

26 Jun Meeting

Calcutta THE TELEGRAPH in English 27 Jun 87 p 1

[Text]

New Delhi, June 26: In a significant development, two political heavyweights—Mr Arun Nehru and Mr V.P. Singh—met over tea at the residence of Mr Arif Mohammad Khan here this evening.

The three erstwhile Cabinet colleagues of Mr Rajiv Gandhi, who are now identified with his rival camp, have met publicly for the first time since they left the Union Cabinet one after the other following growing differences with the Prime Minister.

Also for the first time, Mr Arun Nehru, most powerful of all the ministers during his stint as minister of state in Mr Gandhi's Cabinet, made a public appearance today. The trio mixed freely with newsmen at the tea party hosted by Mr Khan and discussed various contemporary subjects without actually commenting on any specific issues.

It was said that the party was organised to celebrate the birthday of Mr V.P. Singh, who turned 56 yesterday. But since Mr Singh's mother had recently expired it was explained that the party was, therefore, held at the residence of Mr Khan.

Mr Arif Mohammed Khan, who fell out with Mr Gandhi following the introduction of Muslim Women's Bill in Parliament last year, had written a

scathing letter recently criticising the government for compromising with communal forces. Mr Khan's letter, which was released to newsmen only yesterday, referred to the mis-handling of the communal situation in Meerut. He expressed concern that the Congress(I)'s secular image was being harmed.

Mr V.P. Singh, on the other hand, has been touring the country expressing his determination to fight economic offences by big industrial houses. Talking to newsmen today, he reiterated his determination and said he would go to any length to defend himself.

Mr Singh, who today replied to the allegations levelled by Mr J.R.D. Tata, said he would not hesitate to break the oath of secrecy (which he took as a minister) to defend his actions.

According to sources, Mr Nehru was offered a position in the Union Cabinet but his appearance at the meeting is being considered as a rejection of that offer. The three former ministers have, however, decided to support the Congress nominee in the presidential election. But their joint public appearance only two weeks before the election is being regarded as a significant development.

Meeting at Nehru Home

Calcutta THE TELEGRAPH in English 6 Jul 87 p 1

[Text]

New Delhi, July 5: The 19 rebel Congress(I) MPs from Uttar Pradesh who met here on Friday at the residence of Mr Arun Nehru feel it is now time for all dissidents in the party to come together.

Among those who attended the meeting were the former Union ministers, Mr V.P. Singh and Mr Arif Mohammad Khan, besides Mr Nehru.

"Instead of one V.P. Singh or one Arif Mohammad Khan speaking on 'Economic offences and politics of communalism encouraged by the present leadership,' all of us will be taking up the issue jointly from now onwards—was the gist of the informal understanding," one of the prominent dissident leaders told The Telegraph. "We expect more and more MPs joining us soon," he added.

It is hoped that the dissident MPs from other states would mobilise the MLAs in their respective states. Mr V.C. Shukla, for instance, will carry on the "directive" in Madhya Pradesh, Mr Asoke Sen in West Bengal and Dr Jagannath Mishra in Bihar.

Since the dissidents have decided to support Mr R. Venkataraman for the presidential election, no decision would be taken on a formal break with the

party before that. But informal parleys would continue. The decision to avoid a clear and formal stand before July 13 is "not out of fear of expulsion," but to honour "our assurances and words," the dissidents say. They will, however, start writing to Mr Gandhi on various issues right away.

The dissidents feel that the high command would now expel them in batches beginning with Mr V.C. Shukla and Mr Arif Mohammad Khan in the first round, which they expect immediately after the presidential election is over.

In that event, the dissidents have decided that those remaining in the party would express their solidarity with the expelled leaders and join their public meetings in different states. For the time being, Mr V.P. Singh's and Mr Khan's proposed meetings have been cancelled. These will be resumed after the presidential election, and the issues would be the same which they have already raised.

The names of some of those who attended the meeting is being kept a closely guarded secret. The known names include, besides the trio of Mr Nehru, Mr V.P. Singh and Mr Khan, four other MPs—Mr Ram Dhan, Mr Satpal Mallik, Mr Anand Singh and Mr Nirmal Khatri.

/13046

CSO: 4600/1842

SUPREME COURT ADVOCATE FIRES QUESTIONS AT GANDHI

Questions on Bofors

Calcutta THE TELEGRAPH in English 27 Jun 87 p 4

[Text]

Bombay, June 26: The Supreme Court advocate, Mr Ram Jethmalani, continues his media inquisition of the Prime Minister, Mr Rajiv Gandhi, with another set of questions which aim at establishing that "the winding up commission (given to Bofors' Indian representative) story is plain poppycock" and that the "Swiss payments constitute the secret part of the deal."

(1) Do you recall that when the Bofors deal was clinched and the formal contract signed on or about the 24th March 1986, Parliament was in session?

(2) When was this deal announced to Parliament and what was the information conveyed to Parliament about your much advertised attempt to exclude middlemen?

(3) Did the nation and Parliament get the slightest inkling of your great accomplishment of having succeeded in excluding middlemen?

(4) (To the best of my information and according to my rough calculations, the contract must have been finalised in the autumn of 1985 and the remaining time must have been taken in formalities like drawing up the contract, etc. You have publicly committed yourself to the position that the middleman was excluded before the contract was concluded). Kindly tell us from your records the date on which the contract was finalised in principle, the expression "conclusion of the contract"

being by itself vague and ambiguous, with at least two meanings, one when the deal is settled and second, when the deed is executed?

(5) (You say that you had raised this issue with the deceased Prime Minister of Sweden, Olof Palme. I find that there are conflicting versions about the timing of this conversation. It is sometimes put as the autumn of 1986, some times, the end of 1986 and sometimes the beginning of January 1987). Are you prepared to commit yourself finally to one date? (I suggest, the dates of meetings between the Prime Ministers of two countries are a matter of official record and there should be no difficulty in fixing the date.)

(6) (In your address to the assembled Army commanders on the 26 April, 1987, while referring to the Prime Minister of Sweden, you left everybody under the impression that you were referring to the present Prime Minister of Sweden, so much so, that the correspondent of *The Hindu* (Madras) had to contact Mr Carlsson. It is only when Mr Carlsson falsified your story that on the next day you told Parliament that you were misquoted and meant the dead Prime Minister of Sweden. The contradictions about the timing and even about the identity of the Prime Minister concerned are matters of serious public concern, because, such vital contradictions are likely to impugn

the veracity of your story. Will you consider issuing an authoritative version about these conversations of yours to enable the people to check on the veracity of your final version without your being able to shift ground from time to time?

(7) (In my previous questions, I have repeatedly enquired whether you have at anytime till today, instructed Bofors that as a customer, the government of India waives confidentiality and instead insists upon a public disclosure. The communication of the government of India to be possibly effective, must substantially be in the following form:

"Gentlemen,

This has reference to the contract dated March 24, 1986 between the President of India and yourselves for the purchase by the Indian government of 400 Howitzer guns and allied matters. By your letter of March 10, 1986, (copy enclosed) and through oral assurances extended by the late lamented Olof Palme, the then Prime Minister of Sweden, you had assured the people of India that the whole transaction is above-board and that no one is receiving commissions, kick-backs and bribes. Now it transpires that first the Swedish radio made astounding allegation of kick-backs and secret payments in Swiss accounts, to our politicians and defence officials. On the assumption that you were totally

honest with us, we promptly pronounced the radio allegations to be false and malicious.

We regret that you have let us down very badly. You could not sustain your falsehood even for four days. Of course, we appreciate that this was because the radio was in possession of unimpeachable documents which you could not have easily explained away. Even so, your cowardice in making a complete confession to our ambassador by your letter of April 24, 1987 is from our point of view totally inexcusable. You will appreciate that in your country, these payments may be called only kickbacks or commercial commissions, but, in our country, they are bribes punishable with seven years' imprisonment. Some barking dogs are already at our throat.

Your claim to confidentiality is creating severe problems. We hereby waive it. We request you to disclose forthwith the following information:-

I) Why did you have to pay the

so-called winding up compensation to your Indian representative in Switzerland rather than in India?

II) Since nobody including ourselves believed that Rs 50 crores could be a winding up compensation, please tell us in what proportions was the payment divided and into which accounts the money was paid and for whose benefit?

III) All correspondence that took place between your agent and yourselves leading to the exclusion of the middleman and quantification of the compensation?

We must warn you that the future of this contract, as much as our survival as a government are at stake.

Thanking you,

(Yours sincerely, X-Y-Z.)"

Have you written any such letter to Bofors or any other on the same lines?

(8) (If your story that you requested Mr Olof Palme to exclude middlemen is to be be-

lieved, he must have communicated his concern to Bofors and advised them to carry out the assurance he extended.) Are you prepared to request the Swedish government to disclose the relevant correspondence on this topic?

(9) Did you or your government at any time write to either Mr Win Chaddha or to the Anatron General Corporation that his role in the deal was inconsistent with the government's policy and that they should walk out?

(10) (Human nature being what it is, the agent who had been working on this contract from 1977, would at least try and persuade you or the government not to exclude them from the deal.) Is there on government files, a single letter or representation from the agent either complaining of his threatened exclusion or pleading with the government not to remove them?

'Italian Connection' Probed

Calcutta THE STATESMAN in English 28 Jun 87 p 9

[Text] New Delhi, 27 Jun--The questions which Mr Ram Jethmalani directed to the Prime Minister today concerned "another dubious foreigner and a multinational company which he represents in this country," They are:

Dear Prime Minister,

During the course of my several questions over the past 9 days, I have already referred to one dubious foreigner who has been fortunate enough to become the beneficiary of at least one corrupt deal. I am referring, of course, to your brother-in-law whose name you earlier refused to disclose to me. Today, I am compelled to turn my attention to yet another dubious foreigner and a multinational company which he represents in this country.

1) Have you heard the name of one Mr Octavio Katrochi, an Italian gentleman?

2) Is it true that, as a matter of fact, you and your wife are on socially intimate terms with him and that, as a matter of fact, it has become almost routine for you and your wife to visit his residence socially every Sunday?

3) Are you aware that Mr Katrochi further enjoys extremely cordial relations with several industrialists in New Delhi, including Mr Lalit Thapar? Indeed, are you aware that Mr Katrochi is almost a regular guest at every party hosted by Mr Lalit Thapar?

- 4) Are you aware that Mr Katrochi is the official representative in India of an Italian company known as Snam Progetti?
- 5) It is correct that Mr Katrochi commenced residing in India almost immediately after your marriage to the then Sonia Maino?
- 6) Can you inform us about the number of contracts in various fields which the Government of India has awarded to Snam Progetti or any of its associate concerns? Have you assured yourself that in every one of these cases, Snam Progetti was awarded the contract strictly on merit?
- 7) Is it not true that Snam Progetti are the turn-key suppliers and consultants for four of the seven gas-based fertilizer projects in India?
- 8) Is it correct that Snam Progetti was not among the short-listed consultants of the World Bank for Indian fertilizer projects?
- 9) Is it correct that in spite of the fact that they were not on the World Bank short-list, the Government of India awarded the tender for the project to them?
- 10) Is it further true that Snam Progetti was awarded the contract without inviting a global tender at all?
- 11) The growing activity of Snam Progetti has raised several eyebrows, particularly in political and bureaucratic circles. Since both Snam Progetti and your wife Mrs Sonia Gandhi, are of Italian origin and, in view of the intimate social relations between Mr Katrochi of Snam on the one hand and you and your wife on the other does it not behove you to allay the obvious suspicions and misgivings concerning Snam and offer a forthright explanation regarding this excessive indulgence towards Snam Progetti?

I wish to alert you to the fact that the activities of Snam Progetti and the Italian connexion at large is a veritable Pandora's Box. I propose to ask you several more questions on this aspect. If you are convinced that there is no impropriety regarding the activities of Snam Progetti, I must implore you to unequivocally reply to this first installment of questions. I suspect, however, that for obvious reasons, you will not dare to venture comment on this most sordid subject.

Questions on Andamans' Visit

Calcutta THE TELEGRAPH in English 30 Jun 87 p 4

[Text]

New Delhi, June 29: Today's quota of questions from Mr Ram Jethmalani to the Prime Minister, Mr Rajiv Gandhi, deals with Mr Gandhi's holiday in the Andamans at the end of last year, which Mr Jethmalani said "furnished an occasion for your

decision to clip the wings of two rather irritating stumbling blocks," Mr V.P. Singh, then finance minister, and Mr A.P. Venkateswaran, foreign secretary.

The 12 questions are:

(1): Was the trip of yourself and your friends to the Andaman

Islands over the New Year a mere holiday jaunt, or was it a gathering of your innermost circle, summoned for the purpose of discussing political strategy in the face of some extremely inconvenient political development?

(2) How much did you spend from the Indian exchequer on the entire trip to the Andaman and Nicobar Islands on yourself and your several friends?

(3): How many Italians were present in your touring party?

(4): Were you not aware that the Andaman and Nicobar Islands are a top-secret military base where no foreigner is allowed and that, inspite of this fact, your entourage consisted of several Italians?

(5): Did you not consider the presence of Italians a grave security risk, or do the Italians in your eyes have the status of a most favoured nation? Indeed,

was not the presence of Italians on the islands a much graver security risk than, as you allege, the Fairfax investigation was?

(6): Would you care to give us the names of the several Italian present, and particularly, can you volunteer information whether either of your two brothers-in-law, Mr Jose Valdemoro or Mr Walter Vinci (married, I believe, to Mrs Sonia Gandhi's sister, Annushka), was present?

(7): Is it correct that Amitabh and Ajitabh Bachchan, along with their spouses, formed part of your holiday group in the Andaman Islands?

(8): Is it correct that Mr Amitabh Bachchan flew to the Andaman Islands from Calcutta, where he was attending the Hope'86 show organised by the film industry, via Rangoon in Burma?

(9): Have you ever enquired from Mr Bachchan as to why it

was necessary for him and his wife Jaya to stop over in Rangoon before proceeding to the Andaman Islands? If you have, would you care to tell us the reason?

(10): Is it correct that Mr Amitabh Bachchan had requested the external affairs ministry to obtain visas for himself and his wife, for Burma?

(11): Is it further correct that the then foreign secretary, Mr A.P. Venkateswaran, refused to cooperate with the Bachchans' sudden demand for visas?

(12): Is it correct that Mr Bachchan complained to you in the Andamans about Mr Venkateswaran's conduct and it was because of such a complaint that you arbitrarily, and quite maliciously, prematurely dismissed from service one of the senior-most IFS officers of the highest personal integrity and competence?

More on Andamans

Calcutta THE STATESMAN in English 1 Jul 87 p 9

[Text] PATNA, 30 Jun--The controversy over an adjournment motion against the Bindeshwari Dubey Ministry in the Bihar Vidhan Sabha took a serious turn today with the Speaker, Mr Shiva Chandra Jha, taking strong exception to the letter written by Mr Karpoori Thakur on the former's rejection of the motion moved by the Opposition in the Vidhan Sabha yesterday.

After the Speaker had rejected the Opposition demand to allow the adjournment motion against the Government on the Aurangabad massacre yesterday, the leader of the Opposition in the House Mr Karpoori Thakur wrote a letter to the Speaker inquiring among other things: "Is it possible to safeguard democracy with your being the Speaker? Can we get the opportunity to raise matters of grave concern relating to humanitarian and public issues as long as you are Speaker?"

The letter written by Mr Thakur and released to the Press last night has now become a question of privilege against Mr Thakur. At least two ruling party members of the Vidhan Sabha today served notice to the Speaker raising a privilege issue against Mr Thakur for undermining the dignity of the House and the Chair.

The Speaker Mr Jha made a suo motu statement in the House stating that though he did not dispute the seriousness of the massacre in the two villages of Aurangabad, he was inclined to reject the Opposition demand for allowing the adjournment motion on the matter because the rules of legislative business did not permit it. Mr Jha said that he was deeply hurt by the insinuation and

charges levelled against the Chair by Mr Thakur. The Speaker left the House saying that "I have no moral right to conduct the proceedings of the House till the charges levelled against the Chair are either withdrawn or the matter settled restoring the dignity of the Chair".

Mr Jha refused to preside over the post-lunch session. The Speaker's remarks in the House today were significant because he admitted that "members of the House seem to be politically-motivated and not concerned with the people's sufferings in Aurangabad." Later, talking informally to reporters in his chamber, Mr Jha said that what he meant by "politically-motivated" was that while the Opposition appeared hell-bent upon pressing the adjournment motion on the Aurangabad massacre which would be a "censure motion" against the Government, the Treasury Benches were equally adamant in not allowing the motion to be admitted.

The trouble began yesterday when soon after question hour the Opposition parties were on their feet to press for admission of the adjournment motion which they had tabled in the House. The leaders of the Opposition groups, including Mr Karpoori Thakur (Lok Dal-B), Mr Raghunath Jha (Janata), Mr S. N. Dudhani (BJP), Mr Ramendra Kumar (CPI), Mr Nalini Ranjan Singh (SUCI), Mr Ajit Sarkar (CPI-M) and Mr Suraj Mandal (JMM) argued in favour of admitting the motion against the Government. The speaker later invited the Opposition leaders for joint discussion with the Leader of the House, Mr Bindeshwari Dubey. Mr Dubey was determined not to allow the motion but at the Speaker's persuasion agreed for a four-hour special debate on the massacre in Aurangabad.

The proposal was not acceptable to the Opposition who would not settle anything less than the adjournment.

After meeting yesterday the Opposition members today reopened the issue by tabling a fresh adjournment motion. Countering the ruling of the Speaker on the ground that no adjournment motion could be admitted during the Budget session, the Opposition members cited two specific instances in the past when adjournment motions on far less important issues had been admitted. The first was on August 6, 1976, when Mr Harinath Mishra the then Speaker, had admitted an adjournment motion against the Government on a lathi charge on BJP demonstrators in a town.

Fairfax Affair

Calcutta THE TELEGRAPH in English 1 Jul 87 p 9

[Text]

New Delhi, July 2: Mr Ram Jethmalani today raised 15 questions to the Prime Minister, all related to the Fairfax issue.

He said that his question arose out of unimpeachable material and information and the "legitimate inference from the questions is that there is simply no

mystery in the appointment of Fairfax as sought to be made out by you and your government." Incidentally, the material and information also cast a pronounced shadow on the value of the Thakkar Commission, and particularly its terms of reference, Mr Jethmalani added.

The following are the questions:

- Is it not true that after Mr V.P. Singh was shifted from the finance ministry, Mr Bhurelal saw you and complained to you on 5th February 1987, that he was being harassed by the finance secretary, Mr Venkataraman, on the issue of the engagement of Fairfax, and sought your advice on whether he should continue the investigations against the designated economic offenders or not?
- Is it true that he told you then that he had engaged Fairfax and that you did not at that time find anything objectionable in this and as a matter of fact did not disclose any opposition whatsoever to Mr Bhurelal's admitted conduct?
- As a matter of fact, is it not true that you on 5.2.87 asked Mr Bhurelal to continue with the investigations without any inhibitions whatsoever? (the poor officer has subsequently paid the penalty for following your advice.)
- Are you aware that there is in existence in the enforcement directorate, a written record of the meeting between you and Mr Bhurelal minuting the talks between yourself and him?
- Do you know that Mr Brahm Dutt, minister of state for finance, knew of the engagement of Fairfax as late as on the 17th February, 1987, and posed several questions to Mr Vinod Pandey as to who authorised the engagement and what were the terms of

Fairfax investigations?

- Are you aware that Mr Brahm Dutt was specifically told the entire facts pertaining to the engagement of Fairfax in response to his queries?
- Are you aware that six weeks later, this junior minister of yours blatantly lied to Parliament (March 31, 1987) when he announced that the government had never engaged Fairfax, and repeated this lie twice over?
- Are you aware that the same Mr Brahm Dutt was later on 15.4.87 forced to admit the existence of a written authorisation to Fairfax given by the enforcement directorate after the *Indian Express* had published the authorisation letter in its columns?
- What is your attitude towards Cabinet ministers who deliberately or at least recklessly mouth falsehoods in Parliament? Do you consider that ministers disclosing such conduct should continue to enjoy the privilege of governing the people of this country, or, is it your view that the people of this country deserve no better?
- Is it true that on 31.3.87, you listened to your junior minister mouthing the above-mentioned lie in Parliament from your room in Parliament house through the internal circuit?
- Is it not true that you yourself were aware (having been informed on 5.2.87) that Fairfax had been engaged by the government and that accordingly, your minister was deceiving the whole nation? Why did you not

intervene to correct your minister and set the records straight?

- Why did you shy away from the debate on that day and remained absent from the floor of the Lok Sabha although you were sitting from early morning till late evening in your Parliament office listening not only to Mr Brahm Dutt's lies but also to the orchestrated attack on Mr V.P. Singh led by Mr Brahm Dutt?
- If you are seized of all the true facts regarding the appointment of Fairfax, what is the necessity for the appointment of the Thakkar Commission, given its present terms of reference? Can the people of this country not legitimately infer that the Thakkar Commission is a diversion from the real issue and its terms of reference a mere red-herring?
- Do you consider your own interests superior to democratic institutions including commissions of enquiry? Are you not subverting the Thakkar Commission to your own interests?
- Have you ever paused to consider the costs the nation is incurring in the appointment by you of the Thakkar Commission, particularly when the answer to the issue it is investigating is known to all concerned, and indeed, is contained in the government files? In the perspective of an already undermined judiciary, can the nation waste two Supreme Court judges on a total non-issue?

Questions on V. P. Singh

Calcutta THE TELEGRAPH in English 4 Jul 87 p 5

[Text]

New Delhi, July 3: Mr Ram Jethmalani's batch of today's 10 questions posed to the Prime Minister, Mr Rajiv Gandhi, pertains to what he described as "an orchestrated and perfidious attack on Mr V.P. Singh" in Parliament by some Congress(I) members on March 31.

The questions are:

- (1) Is it correct that on 31.3.87,

while Mr Dinesh Singh was attending a seminar at the India International Centre at which he was himself a scheduled speaker, he was called by Mr Mani Shanker Aiyaz who informed him that he should rush to Parliament House as per the orders of the Prime Minister's office?

- (2) Is it not correct that at Parliament House, Mr Dinesh Singh

was informed that he was to lead the official party line on the Fairfax issue and speak on the subject in the Lok Sabha that very evening?

(3) Is it further not correct that Mr Dinesh Singh expressed surprise that he was being given such little time to prepare himself on the subject, particularly when until that time, he was considerably ill-informed about the issue?

(4) Is it correct that an instant briefing for Mr Dinesh Singh was arranged and Mr Dinesh Singh was told about the line which he was to espouse on the Fairfax issue later in the Lok Sabha?

(5) Are you aware that the persons who briefed him were none other than Mr Shiv Shankar, your commerce minister, Mr

Gopi Arora, your special secretary, and Mr Brahm Dutt, your junior minister of finance?

(6) Is it not, therefore, correct that the attack on Mr V.P. Singh in Parliament led by Mr Dinesh Singh was orchestrated at the highest level, and that particularly since, Mr Dinesh Singh was briefed by members of your own office, you personally were previously aware of what was in store for Mr V.P. Singh in Parliament that day?

(7) Is it not correct that in spite of this awareness, you dissuaded Mr V.P. Singh from going to the Lok Sabha on that day by informing him that, as a matter of fact, you had arranged for his defence through Mr Brahm Dutt?

(8) Is it not true that despite being asked by you not to speak in Parliament that day, Mr V.P.

Singh had to rush to Parliament after learning of the inspired attack on him by Mr Dinesh Singh and that in Parliament, Mr V.P. Singh then made a two-line statement owning his responsibility in the engagement of the Fairfax detective agency?

(9) Is your masterminding the entire conspiracy against Mr V.P. Singh in Parliament on that day not a legitimate inference from the fact that when Mr V.P. Singh was being charged with jeopardising the security of the country by engaging Fairfax, you did not rush to defend him?

(10) Apart from employing extremely dishonourable means to denigrate a valued Cabinet colleague of yours, have you not undermined the time-honoured principle of collective Cabinet responsibility merely to advance your personal interests?

Questions on European Sojourn

Calcutta THE TELEGRAPH in English 6 Jul 87 p 4

[Text]

New Delhi, July 5: Mr Ram Jethmalani, busy engaged in launching his own brand of "crusade against the Prime Minister, Mr Rajiv Gandhi, today sent a list of 10 further questions on the latter's trip to Europe on September 15, 1984 when he was a Congress(I) party official.

Following is the list of questions for the day with reiteration that more would continue to follow till replied to, or Mr Gandhi stepped down, or whichever was sooner:

(1) On September 15, 1984, what business took you to Europe?

(2) You were at that time only a party official and your party work does not necessitate a visit to Europe. You were obviously not transacting any business on behalf of the government of India either. Am I right that you went to Europe to transact some private business?

(3) Did you travel by Swiss Air?

(4) Was this visit planned as an absolutely secret affair?

(5) Who were your companions on this trip?

(6) (Considering that lapses of memory are frequent with people who are faced with inconve-

nient questions, I would like to refresh your memory). Was Mr Murli Deora, president of the Bombay Pradesh Congress Committee, on the same flight?

(7) Was this a pure coincidence, or had the two of you planned a joint trip and were both of you engaged in a common project?

(8) How long were you away and when exactly did you return to India? (Considering the duration, it is fairly obvious that your trip was not for tourism or relaxation. Anyway, Murli would be a rather improbable companion for such purposes.)

(9) What places of interest did you visit on this trip?

(10) Did you go to Italy and Switzerland, or either of the two countries?

More questions on your European sojourn of 1984 will follow tomorrow.

More on Europe

Calcutta THE STATESMAN in English 7 Jul 87 p 9

[Text]

NEW DELHI, July 6.—In his 19th letter to the Prime Minister from Bombay, Mr Ram Jethmalani said: Here are some further questions testing your pretensions about wanting to break through Swiss Bank secrecy, as also about your trip to Europe in 1984:

(1) What business did you transact each of the countries visited by you during your European tour of September, 1984?

(2) Who were the persons whom you met in connexion with your business? (Whatever, it was.)

(3) How was this trip paid for?

(4) (Your Government recently appointed a panel of three officers to go to Switzerland with the declared object of exploring possibilities of securing information about bank accounts. This is a big cover-up operation intended only to mislead the people of India.) Is

there anyone in your Law Ministry qualified to advise you about the circumstances in which Swiss secrecy laws can be penetrated?

(5) On what kind of advice did your Government come to the conclusion that your officers should be sent to Switzerland?

(6) (Recently, I wrote an article in the Indian Express explaining that there is only one situation in which Swiss secrecy will yield to a requisition for information.) Did this article come to your knowledge and did anyone in your Government have its consequences examined?

(7) Is your Government aware by now that only when it makes a requisition on the Swiss Federal Government that the information sought for is necessary to investigate the bribes allegedly received in Switzerland by Indian public

servants, will the Swiss make such information public?

(8) (In the Bofors kick-backs, what is alleged and at least reasonably suspected, is your own involvement. You are a public servant in law.) Can your Government make a requisition that its own Prime Minister is suspected to be involved?

(9) Since this is not reasonably possible, must you not voluntarily step out of office, so that an impartial and effective investigation can take place?

(10) (Lord Rama had to put his wife through an "agni pariksha" to clear her of suspicion expressed by one citizen.) Why can't you make a much smaller sacrifice and put yourself to test? (If you come out clean, your critics will be silenced, and you can enjoy your office with a clear conscience.)

/9274

CSO: 4600/1845

EXCERPTS FROM NATIONAL INTEGRATION COUNCIL REPORT

New Delhi PATRIOT in English 28 Jun 87 p 5

[Text]

The following are the excerpts of the Interim Report of the Sub-group of the National Integration Council presented at the meeting of the Standing Committee of the Council on 23 June last. The members of the group were: Mr Prem Bhatia, Mr Shyam Benegal, Mr M F Hussain, Prof Yash Pal and Mr P N Haksar (convener).

The sub-group especially focussed on the following three issues: (i) The basic concept of National Integration; (ii) Why the importance of National Integration; and (iii) What needs to be done to promote the same:

The concept underlying national integration, shorn of all verbiage, is to attain a particular kind of consciousness in every citizen of the Republic of India which will enable him or her to feel that he or she, transcending the primordial divides of our ancient society thinks and acts as a citizen of India first. This in turn means territorial identification with the whole of India. It also means primary loyalty to Indian Nationhood and a refusal to agree to that primary loyalty being corroded or eroded by considerations of caste, religion, region and language.

In brief it means that the citizens of India should be the promoter of the idea of nationalism based on civic consciousness rather than narrower consciousness implicit in our history and geography.

The creation of consciousness of the kind described above requires consistent and persistent efforts through educational processes, media projections,

political processes and processes of economic development. In sum, all the processes which go to the very foundations of building of modern India have to be consciously mobilised and channelised. Repeatedly, it was emphasized that exigencies of politics tends to erode the creation of common consciousness of Indian nationhood as against nationhood conceived in terms of religious or caste or regional particularism.

In this view of the matter there was unanimity of the urgent need for devising ways and means of freeing politics from symbolism and rituals of religions. Even though our election laws specifically provide against the use of religious symbols, in actual practice this law has been increasingly fractured. The time has, therefore, come to make up one's mind whether the vision of India is to express in terms of a "Hindu India", "Muslim India" or "Christian India". There can be no half way house.

In order to attain the broad objectives of the freedom movement which envisage the creation of Indian citizenship belonging to a democratic, secular and socialist State, the time has come when serious attention needs to be paid to a national consensus on the manner in which our children are enabled to transcend the inherited divides at birth. The critical importance of educational processes, more specially between the ages 6 and 14, is obvious enough.

Most of the distinguished persons with whom the group interacted were unanimously of the view that the electronic media has yet to evolve a broad

conceptual framework within which the programmes could be designed to promote national integration systematically and on a sustained manner, day after day, month after month and year after year. There is an urgent need for evolving programmes, aimed at familiarising each and everyone of us in each and every part of India with our common heritage, both in terms of territory, people and culture.

More specifically, it was suggested that voluntary groups working in the area of promoting national integration and communal harmony should be involved in production of programmes for our TV and Radio. This would include involvement of theatre groups, artistes and writers.

There was very strong feeling expressed that in all these years since our Independence we have not squarely faced the problems created by the linguistic divisions. The three-language formula has been practically jettisoned. It was specifically pointed out that Northern India is particularly responsible for total neglect of Southern languages. Several distinguished educationists were of the view that the language problem, and more specially the promotion of Hindi as an official language of our country, should have been entrusted to well-qualified experts on linguistics rather than mere partisans of Hindi language. There should have been a serious attempt to fertilise Hindi by consciously searching for words and phrases drawn from our southern languages.

In the course of discussions with the distinguished Vice-Chancellors, one very specific idea emerged: that there was an urgent need for involvement of the universities in providing a forum for interaction between Indian students drawn from all parts of India. In this connection, it may be noted that the chairman of the UGC, who is also a member of the Group, informed the group that he has written to all the universities to encourage setting up peace study circles, involving students and teachers also engaged in action research and interact with each other. In this context, peace study circles should be construed to mean tolerance, tranquillity, and communal harmony in the

country.

The terms of reference of the group were enlarged to examine the discussions which took place in the meeting of the National Integration Council held on 12 September, 1986. It appears to the group that there was a broad consensus on certain matters as reflected in our Prime Minister's summing-up remarks.

The group is strongly of the view that if actual action is taken even on a single issue on which consensus exists, it would have a very salutary effect on combating the growth of cynicism and fissiparous tendencies expressed in the name of religion or caste. The group also feels that the existing laws, both of Penal Code and Criminal Procedure Code, should be impartially and strictly enforced in order to reinforce the faith of every citizen that the State or States in India are actuated not only by law but by a sense of justice.

In this connection, certain laws need to be enforced as they are. Something urgently needs to be done to abate public nuisance which religious establishments tend to create when they disobey laws regarding noise, thus disturbing tranquillity of Indian citizens. Laws are also disobeyed when public places are encroached upon by building on them places of religious worship. Even a token enforcement of one single issue like this would bring a sense of credibility to the debates of the National Integration Council.

Since the standing committee of the NIC is to meet in the specific context of the terrible riots which have recently rocked Delhi, Meerut, Gujarat and other places, it was suggested to the group by one of the distinguished voluntary workers, who had personal knowledge and experience of nearly all the riots which have taken place since our Independence, that while the story of riots is a story of bestiality and cruelty, each and every riot contains the story of humanity and courage of members of one community saving the lives and property of the members of the other community. Such stories must be instantly collected soon after the riots take place and highlighted in order to soften the hardening communal divides.

SOCIALIST LEADER ASKS GANDHI TO RESIGN

Calcutta THE TELEGRAPH in English 6 Jul 87 p 1

[Text]

New Delhi, July 5: The socialist leader, Mr Madhu Limaye, has urged the Prime Minister, Mr Rajiv Gandhi, to step down till the parliamentary committee clears him and his "closest circle" of the allegations made in connection with the Bofors deal.

In a letter written to Mr Gandhi on June 12, Mr Limaye said Mr Gandhi's continuance as head of government in the face of the serious allegations would act as a "potent source of destabilisation."

Mr Limaye suggested that the Prime Minister immediately call a meeting of the Congress(I) parliamentary party and ask it to elect a new leader. Should the CPP refuse to elect a new leader, "you can submit your resignation to the President of the republic, who can then invite a senior Congressman like Mr Kamalapati Tripathi to form a broad-based Congress government."

He also suggested that the resignation be submitted either on the day of scrutiny of presidential nominations or on the day of the election—July 13. Mr Limaye has also sent a copy of the letter to Mr Tripathi.

Mr Limaye said that though he had only referred to the Bofors deal in his letter, India's agreement with West Germany in the matter of submarines was equally "scandalous." In the name of diversification, "you have got India's defence and weapons systems enmeshed with Nato countries, who are deeply involved in defence arrangements of all sorts with India's enemies, including South Africa. Your apartheid campaign, therefore,

sounds hypocritical. There is no rationale or patriotic justification for this new bias in defence procurement. The only possible explanation is 'material incentive' in the form of large kickbacks," he said.

In order to dispel the misgivings, the new Cabinet (assuming that Mr Gandhi steps down) should make a policy statement that the Indian government would stick to its anti-imperialist, anti-apartheid line and preserve "our external friendships, including Indo-Soviet friendship," Mr Limaye said.

"For the past two months or more I have been hearing from Congressmen themselves that the people close to you, including your in-laws, are involved in Bofors and other deals. If the allegations are true, I do not know—will it not mean that the two foreign governments are in the know of the truth? Both Sweden and Switzerland, though nonaligned and neutral, are part of the Western world of which the United States is the leader."

Mr Limaye warned that the US was sure to find out the identity of the recipients of the kickbacks. They were bound to use the information to further their geo-political interests and to influence India's foreign and defence policies. "That the head of government should possibly be subject to blackmail is a very serious matter," Mr Limaye added.

Mr Limaye said the rumours and allegations could be unfounded. But the only way to prove that they were unfounded, he said, was to get at the truth

without delay and publish the names of the people getting commissions or kickbacks. Every day's delay in doing this was "eroding your credibility," he told the Prime Minister.

Mr Limaye objected to the way the decision to form a parliamentary committee was announced. Its appointment through communication with the Lok Sabha Speaker and the Rajya Sabha Chairman without taking Parliament into confidence was "undesirable." Since the House had not yet been prorogued, the Speaker should be requested to summon it and a "proper motion" should be moved.

The committee's terms of reference should be made comprehensive and it should be given full authority to direct all the agencies of the government to investigate the matter and to get necessary information from the authorities concerned at home and abroad, Mr Limaye said. "Nothing should be withheld from the committee in the name of secrecy."

Mr Limaye said there might be demonstrations in the Prime Minister's favour if he stepped down but he should firmly stick

to his stand. "Such a course will not only not destabilise the country, but it will rejuvenate the Congress party and the government. Your continuance at the head of the government, which is under a cloud, will, on the contrary, act as a potent source of destabilisation. If the committee clears you and your closest circle from allegations of wrongdoing, you will return to your post triumphantly. The prestige of the country and your own reputation would be enhanced by following this course of action."

In order to get the names of the people getting commissions, the parliamentary committee or the government might approach the Bofors Company, Riksbanken, the Swedish counterpart of the Reserve Bank, the Swedish national audit bureau, the Swedish government and the Swiss bank. "What really prevents the Government of India from collecting information from these authorities or filing an FIR under the Criminal Procedure Code, 1973, and asking CBI to begin investigations?" Mr Limaye said the delay had created an impression that the government did not want the names disclosed.

/13046

CSO: 4600/1842

BRIEFS

SECOND ANTARCTICA BASE--New Delhi, 23 Jun (PTI)--India is planning to establish a second station in Antarctica, the sciences and technology minister, Mr K. R. Narayanan, said here today. It is also planned to set up an Antarctic study centre and a museum for familiarising the general public with the progress achieved during the Indian expeditions, he told the members of the sixth Antarctic expedition at the "debriefing session." Mr Narayanan pointed out that as a result of the six expeditions and the scientific work undertaken, "India has established an internationally recognised position in respect of Antarctic developments." [Text] Calcutta THE TELEGRAPH in English 24 Jun 87 p 5] /9274

INDO-CUBAN SPORTS COLLABORATION--Havana, 20 Jun (PL-Pool)--India and Cuba will collaborate in the field of physical education and sports, and exchange literature and information, as well as experts and trainers, under an agreement signed here. [Text] [Calcutta THE TELEGRAPH in English 21 Jun 87 p 15] /9274

BURMESE TRIBALS' DEMAND--Silchar, 20 Jun--Representatives of Zomi tribals living in west Burma, adjoining Mizoram, have demanded the "integration" of their territory with India. The Burmese Zomi Liberation Front, representing the one million Zomis residing at Chin hills in Burma, has reportedly sent a confidential memorandum to the Prime Minister, Mr Rajiv Gandhi, suggesting such a merger. The four-page memorandum was jointly signed by Mr Mangkhanpau, a Burmese Zomi leader, now living in exile in Thailand, and Mr T. Gourin, the president of the Zomi National Congress (ZNC), a Manipur-based group. The memorandum was also signed by Dr Dallian Haokip, a Burmese Zomi leader. It suggested that Mr Gandhi should take steps to ensure integration of the Burmese Zomi areas with India through "constitutional and peaceful means" by August 15 this year. The memorandum was sent to Delhi through two central intelligence agencies. A plea for "human dignity and economic welfare" of the Burmese Zomis has sought because they have consistently been ignored by the Rangoon administration, the memorandum said. The Zomis belong to the Kuku Chin linguistic and Tibeto-Burman ethnic family. The ZNC, formed in 1971 is agitating for a Union territory status for the Zomi dominated areas of Manipur. [Text] [Calcutta THE TELEGRAPH in English 21 Jun 87 p 4] /9274

INDO-NEPAL PACT--New Delhi, 20 Jun (PTI)--India and Nepal today concluded an agreement to establish a joint commission to promote and coordinate economic cooperation. The agreement was signed here by the external affairs minister,

Mr N. D. Tiwari, and the Nepal foreign minister, Mr Shailendra Kumar Upadhyaya, after talks on "political matters of bilateral and regional interest." Official sources said the two ministers discussed trade promotion and joint ventures, long-term projection of Indian aid to Nepal and cooperation in water resources development. Officials said the agreement envisages specialised Indo-Nepal sub-commissions which will meet periodically to monitor implementation of various inter-governmental agreements. The sub-commissions will also identify new areas of cooperation in trade, transit, industry, power and other fields. They will report to the joint commission chaired by foreign ministers of the two countries. [Text] [Calcutta THE TELEGRAPH in English 21 Jun 87 p 6] /9274

INDO-SOVIET JOINT ENTERPRISE--Moscow, 19 Jun (Unifin)--India and the Soviet Union have agreed to set up a joint enterprise for the production of electronic circuit boards, including video systems, according [to] Mr Nikolai Gorshkov, chairman of the USSR state committee for computer technology and informatics. The decision was taken at the recently held meeting of the Indo-Soviet working group on computer technology and electronics, reports APN. He said the working programme for the period until the year 2000, which was adopted at the working group meeting, also envisages research into and development of personal computers, computer peripherals, monitors and their components and others. He said during the deliberations, the Indian side expressed the desire to buy Soviet made ES-1046 super-computer systems which are more sophisticated and efficient. According to him, the USSR will supply to India and the latest ES-1061 computers. [Text] [New Delhi PATRIOT in English 20 Jun 87 p 9] /9274

NEW TURKISH AMBASSADOR--The new ambassador of Turkey, Mr Yalim Eralp, presented his credentials to President Zail Singh at a function in Rashtrapati Bhavan on Friday, reports PTI. Welcoming the new ambassador, the President referred to the centuries old relations between India and Turkey and said "we value the warm and friendly ties that exist between our two countries. We share the same basic human values peace, justice and human dignity. "We are concerned about the arms race, apartheid, international terrorism and are steadfast in our resolve to promote disarmament, detente and international peace," the President added. Earlier, while presenting his credentials Mr Yalim Eralp said "Turkey and India, being both democratic and secular, and sharing similar concern for peace, have much to share and offer to each other" and said that "our relations have taken an upward turn." "Our two countries can work together in overcoming the challenges for the benefit and prosperity of each," the ambassador added. [Text] [New Delhi PATRIOT in English 14 Jun 87 p 5] /9274

NIGER AMBASSADOR'S CREDENTIALS--New Ambassador to Niger, Alhouseini Mouloul presented his credentials to the President Zail Singh in the Capital on Monday, report agencies. Welcoming him, the President said India and Niger shared common aspirations and "a vision to build a society based on freedom and justice for all." He said that for developing nations facing problems of inequitable world economic order, mutual help in the spirit of South-South cooperation appeared to be the only viable solution to prosperity and lasting peace and stability. [Text] [New Delhi PATRIOT in English 9 Jun 87 p 5] /9274

UK HIGH COMMISSIONER--Britain's new High Commissioner to India Sir David Goodall on Thursday presented his credentials to President Zail Singh at the Rashtrapati Bhavan in Delhi, reports UNI. The President welcomed Sir Goodall, briefly referred to the recent military coup in Fiji and said, the British Crown had a special responsibility to ensure that the 1970 constitution of Fiji was upheld 'under any circumstances.' 'We look forward to urgent joint efforts for the restoration of power to the duly elected government in Fiji,' the President told Sir Goodall. He also reaffirmed India's resolve not to allow its soil to be used by anybody to cause jeopardy to the peace and stability of Britain. [Text] [New Delhi PATRIOT in English 7 Jun 87 p 5] /9274

KASHMIR POLITICIAN QUILTS--Srinagar, 7 Jun--Mrs Khalida Shah has quit the post of president of the breakaway National Conference and her husband, Mr G. M. Shah, has taken over. Mrs Shah became chief of the NC (K) in 1984. Her decision comes in the wake of differences between her and Mr Shah over the role played by the party since the dismissal of the Shah ministry in March last year. Matters came to a head over the recent incidents at the Idgah, where supporters of Mr Shah were among those who attempted to mob the chief minister, Dr Farooq Abdullah, who is Mrs Shah's brother. Officially Mrs Shah's resignation as party chief is attributed to "health reasons." The party accepted her resignation with "deep regret." Mrs Shah had come closer to her mother, Begum Abdullah, in the recent days. Mr Shah's assumption of the post of party chief will have to be confirmed by the party's executive committee. The party has also decided to rename itself as the People's National Conference, [Text] [Bombay THE TIMES OF INDIA in English 8 Jun 87 p 5] /9274

MACHINERY TO USSR--New Delhi, 6 Jun (Tass)--The state-run Mining and Allied Machinery Corporation (MAMC) has signed a deal for the export of industrial equipment and steel castings worth Rs 170 million during the next 18 months to the USSR. Giving details about the deal, MAMC's chairman Mr Rajesh K. Vachcher said that export items included winches, drums and guide-rollers for conveyers and steel castings. Negotiations were also on for these items with Australia, Vietnam and Zimbabwe, he added. Mr Vachcher said that MAMC, initially set up in the mid-1960s with Soviet co-operation, exported its products, worth Rs 920 million during 1986-1987, and the deals concluded during that period were 46 per cent higher than the previous year. [Text] [Bombay THE TIMES OF INDIA in English 7 Jun 87 p 11] /9274

CPI-M IN KERALA--Trivandrum, 3 Jun--The Left Democratic Front (LDF) which ousted the United Democratic Front (UDF) from power in the March assembly poll, has dealt another blow to the Congress-led alliance by winning the by-elections in both Kottayam and Vamanapuram by impressive margins and raising its strength to 78 in the 140-member house. Both the successful candidates belong to the CPM which will now have 38 members. In Kottayam, the cooperation minister, Mr T. K. Ramakrishnan, trounced Mr Thiruvanchoor Radhakrishnan one of the pradesh Congress general secretaries, by 9,526 votes. Mr Ramakrishnan, former convener of the LDF coordination committee secured 55,422 votes against 45,896 polled by the Congress leader. Mr Koliyakode N. Krishnan Nair was elected from Vamanapuram (in Trivandrum

district) for the third time in succession, defeating his main Congress rival, Mr N. Pitambara Kurup district Congress general secretary by 10,116 votes. Mr Nair polled 52,410 votes, while Mr Kurup secured 42,294 votes. Following these by-elections, the ruling coalition will have a majority of 18, excluding the nominated Anglo-Indian member over the Congress-led United Democratic Front. Mr M. V. Raghavan (Communist Marxist Party) and Mr George Joseph Podipara (independent) are not aligned with either of the alliances. [Text] [Bombay THE TIMES OF INDIA in English 19 Jun 87 p 1] /9274

ASIAN BANK AID--New Delhi, 18 Jun--The Asian Development Bank is assessing the possibility of increasing its lending to India. Out of its lending programme of over \$2,000 millions this year, an amount of \$360 millions (about Rs 468 crores) has been earmarked for projects in India, according to Mr Ronald Skeates, ADB's Director of Programmes, who was recently in Delhi. Depending on India's requirements, the availability might rise to \$400 millions this year, Mr Skeates told a meeting with the Confederation of Engineering Industry and the Exim Bank. He spoke of the ADB's programme of direct lending/equity participation in private sector companies without Government guarantees. Not many proposals for such lending had been made by Indian companies yet, but the expectation was that more proposals would be made. Mr Y. T. Shah, former Union Commerce Secretary, and former ADB Director, said India had earlier refrained from borrowing from the ADB in the belief that countries poorer than India should be the prime beneficiaries. In May last year, a loan of \$100 millions was approved by the ADB and channelled through the ICICI and further loans are in the pipeline. [Text] [Madras THE HINDU in English 19 Jun 87 p 7] /9274

RURAL LABOR COMMISSION--New Delhi, 15 Jun--The Government tonight announced the formation of the National Commission on Rural Labour. It will be headed by Gujarat Congress(I) leader, Mr Jinabhai Darji. The members of the Commission are Mr Anadi Charan Das, Mr H. Hanumanthappa, Mr R. P. Panika, Mr Keyur Bhushan, all MPs, Mr C. S. Hanumantha Rao, Dr P. C. Joshi and Mr P. S. Appu. Mr Suresh Mathur will be the Commission Secretary. [Text] [Madras THE HINDU in English 16 Jun 87 p 1] /9274

COCHIN SHIPYARD--Cochin, 12 Jun--A decision in principle has been taken to use the Cochin shipyard to build warships, according to Admiral R. H. Tahiliani, Chief of the Naval Staff. He told newsmen here today that Cochin shipyard was the most modern in the country and its facilities would be used to build warships. Naval craft were already built at the Mazagon Dock, Bombay, at the Garden Reach in Calcutta and at the Goa shipyard. Would the Cochin shipyard build aircraft carriers? The Admiral said the Navy was designing one. The architect firm to design the new Naval Academy at Ezhimala (in the northern district of Cannanore, Kerala) would be selected shortly. "Our intention is to build the academy very quickly." Admiral Tahiliani said the setting up of the base repair complex, work on which had begun, and the commissioning of the 1,200 feet jetty would enable more fleet of ships to call at Cochin in the coming years through the Cochin base was mainly a training establishment. Virat coming in August: Earlier, presenting gallantry and non-gallantry awards to Naval personnel at an investiture ceremony, the Naval Chief said

the second aircraft carrier "Virat" commissioned last month was expected in India by August. The seaking helicopters ordered were expected by October. A light ship tank vessel was getting ready at Garden Reach. All these would help the Navy to protect the Indian waters better but what mattered was the men behind them. [Excerpt] [Madras THE HINDU in English 13 Jun 87 p 4] /9274

LEBANESE ENVOY'S PLEA--New Delhi, 6 Jun--The Lebanese Ambassador in New Delhi today called for "more positive" action by India to solve the crisis in West Asia, which, he said, had spilled to "the footsteps" of the Indian sub-continent, reports UNI. Mr Souheil Freijy's call came at a public meeting on the fifth anniversary of the Israeli invasion of Lebanon, and after India's decision last month to host Israeli players for a Davis Cup lawn tennis tie. At the meeting, organized by the All-India Indo-Arab Friendship Association, Mr A. S. Gonsalves, Secretary in the External Affairs Ministry, reiterated India's "determination...to support all international endeavours to free Lebanon from the scourge of Israeli occupation." Mr Freijy said the problems of West Asia "are at the footsteps of this sub-continent and there is nothing which can prevent them from spreading over the borders. That is why I call upon India, one of the founders of the non-aligned movement, to spread the message of peace all over the world. [Text] [Calcutta THE SUNDAY STATESMAN in English 7 Jun 87 p 1] /9274

CSO: 4600/1829

HEAD OF PARLIAMENTARY DEFENSE COMMITTEE DISCUSSES WAR ISSUES

Tehran KAYHAN AL-'ARABI in Arabic 27 Jun 87 p 6

[Interview with Hojjatoleslam Rowhani, chairman of parliamentary defense committee: "The Stark Incident Has Proved the Unfeasibility of American War Technology in the Persian Gulf"]

[Excerpts] [Question] In your capacity as chairman of the defense committee in the Islamic Consultative Council, how do you assess the current situation on the battlefronts?

[Answer] If we seek to evaluate the situation on the fronts in the past 7 years of the war, we will find that the passage of time has constantly been in favor of our forces. When we study our forces' situation during all the stages of the war, we will find that they have realized brilliant victories which are to be envied. At the beginning stages of the aggressive war they launched against our Moslem nation, the butchers of the evil Ba'thist regime occupied a number of our villages and destroyed our towns, but we managed to regain these areas, and indeed advanced toward Iraqi territory.

[Question] It appears that the Islamic government's current strategy is to concentrate as much as possible on activating the northern fronts in Iraqi Kurdistan.

[Answer] Do not forget that the Islamic republic's attention to northern Iraq did not begin with the current stage. Rather, its roots extend years in the past, since our government for a long time has devoted exceptional attention to the uprising of the Iraqi people in Kurdistan and has defended their hopes and aspirations.

However, the past 2 years have witnessed more rapprochement and cooperation than before, since the Islamic republic has sought to activate the northern fronts and make use of them as a card for putting pressure on the worn-out regime in Iraq and it has attracted all the revolutionary Kurdish movements fighting against the agent Saddam's regime.

The effective presence of the forces of the guards of the Islamic revolution in the north of Iraq in fighting Saddam's butchers has the result of giving an

impetus to the morale of the Kurdish fighting men and encouraging them to continue their struggle to bring down the criminal Ba'thist regime.

[Question] The results of the operations in the Kurdistan region of Iraq suggest developments of the utmost importance with respect to the desired end to the war. Could one call the current year the year of the conclusion of the war?

[Answer] I assume that setting a specific date for the end of the war and assuming that our victory will occur at a given time is a harsh and difficult matter.

While we have declared that our ultimate objective was to bring down Saddam's regime and his accursed party, optimism over a specific date for this matter is difficult from the military standpoint, especially since that is tied to a number of political, social and international matters. We can say that in the course of this year our forces will realize major victories and that Saddam's mercenaries will suffer egregious defeats which will bring them close to the brink of the abyss of collapse.

There is no doubt that the war in Iraqi Kurdistan will continue fiercely and in the course of it the Kurdish fighting men will realize decisive victories with the aid of the guard of the Islamic revolution.

We should not miss the chance to point out that the ferocity of our operations and the force of our blows might decide the war before the end of the year, but setting a specific date for this is difficult from the military standpoint. After every attack our forces launch against the Ba'thists, we send a warning to Saddam's protectors and those forces of international arrogance that support him to cease their support of this criminal, and we hope that we will realize our victory with the least possible losses and that the Iraqi soldiers will surrender and not fight, since we do not covet a sliver of Iraqi territory -- rather, we want to bring down the puppet regime that is huddling over the Moslem Iraqi people and have these people seize the reins of their own affairs.

[Question] The situation in the waters of the Persian Gulf is very tense. Do you find the Islamic forces adequately prepared to confront America's advanced war technology in this region?

[Answer] In this area, I would like to state something of which the Americans are not ignorant, which is that there is no victor in war on water!

If the international military fleets gather and war starts, it will go on no more than a few days. In World War Two, which witnessed fierce naval battles around Japan, these did not last more than a few days, the nights included.

The life-span of naval battles is short, especially for the party which does not provide itself backing from a coastline.

If fate has it that the region is to witness a naval war, we have the longest coastline on the Persian Gulf and the Gulf of Oman, and we will not be compelled to fight in the middle of the water. Rather, it will be sufficient for us to strike at the aggressor from the coast. On top of that, the whole Persian Gulf lies in range of our artillery, and we have the equipment to enable us to confront invasion by sea and land.

With respect to advanced American war technology, its fate will not be the requisite success. The greatest proof of that is what we witnessed with the situation of the frigate Stark, supplied with the most modern technological equipment; it was destroyed by a minor missile.

From time to time you hear how a great naval fleet stops functioning as a consequence of coming up against a mine or being assaulted by a bomb or small missile.

From this premise, I consider it far-fetched that the Americans would dare attack us in the Persian Gulf, unless their goal is to provoke a media commotion, as if the ruling party were aspiring to win votes in the presidential elections and so forth through these adventures.

Our war in the Gulf is not like our war with the Iraqi regime, since I have mentioned that it is not possible to set a deadline for that. Indeed, here I can say forcefully that we will be assured of victory after a few limited weeks of war, and our naval war will not last long, indeed, it will be decided in a few weeks.

If the Americans are destined to test their fate in the Persian Gulf, they will earn only disappointment and failure. Of course they will bomb some of our positions, but we will defeat them where they are concentrated.

[Question] Some American circles are talking about the possibility of directing lightning retaliation strikes against Iranian coastal targets or in the hinterland, and the possibility of mining Iranian territorial waters.

[Answer] We will not start a war and if America starts one of course it will attack our ports, and therefore all resources have been put on the highest alert to limit the possible losses.

However, I do not imagine that the Americans are so stupid as to implicate themselves in a war with us. If we assume that if the American forces bombard one of our ports or our islands, that is not equal to 1 percent of the bombardment our country has been subjected to at the hands of the Ba'thists, America's agents in the region.

We would like to give our Moslem brothers the good news that if we are exposed to an attack, we will repay it two times over and will rub America's nose in the sea, on top of destroying its economic interests all over the world. To carry out such operations is not difficult for us.

As regards the mining of Iranian territorial waters, collecting mines and neutralizing them is a simple, easy matter. We do not face a problem in this

area, and on top of that if America can do that it must anticipate our violent reactions.

[Question] Hojjatoleslam Rafsanjani described the latest Soviet position vis-a-vis the state of shipping in the Persian Gulf as somewhat reasonable. Do you have sufficient confidence that the Soviet Union will not bring its forces forth again in confrontation with the Islamic Republic, in the wake of a resumed future rapprochement with Washington, which is not to be considered far-fetched?

[Answer] There is nothing that prompts us to be confident about the Soviet Union's intentions, but the evidence and signs we have received are that the Soviets do not intend to implicate themselves in a suffocating crisis over the waters of the Gulf. The problems the Russians have been plagued with in other areas have taught them hard lessons which are sufficient to keep them distant from the Gulf. It appears that it is America which is planning for this conspiracy at the present time and that the Soviets are not thinking of creating a crisis in the Gulf or participating in a war there. However, I do not find anything to prompt sufficient confidence that the Russians will not intervene in the Persian Gulf war.

[Question] The Kuwaiti newspapers have recently advocated Kuwait's entry as a direct party in the Iraqi-Iranian war. Do you find such a thing likely in the context of the promises and reassurances the regimes of Saddam and Mubarak are offering to this small emirate?

[Answer] The sheikhs of Kuwait have spared no effort in supporting Saddam's butchers in his unjust war against our Moslem people. They have showered money and arms on this regime, have sold oil for it by proxy, have mobilized their ports to supply Saddam with weapons and have opened up Kuwaiti air space to Ba'thist airplanes assigned to bomb towns or assault ships. International usage allows us to consider Kuwait in a state of war with us. Every country that dedicates its air, waters and land on our enemy's behalf is considered in a state of war with us.

However, for Kuwait to intervene in a direct war with us, I rule that out because all the military forces present in Kuwait are not equal to a single one of our military brigades, and we have hundreds of brigades in the army and the guard of the revolution.

Kuwait's going to war with the Islamic republic means the destruction of Kuwait in toto in a few days. I do not imagine that the rulers of Kuwait will dare to pursue such an operation, because that will mean their suicide and annihilation.

For some Kuwaiti newspapers to raise such media idiocies prompts ridicule and scorn, because they are more aware than others of the extent of the military force they possess.

These people must await the retribution of the Iraqi, Iranian and Kuwaiti people against them, and that is not far at hand.

[Question] The diplomatic crisis between Tehran and London is becoming so complicated now that the Islamic republic might be deprived of one of its most important channels of the needed arms. Moreover, there is talk about the possibility of the issuance of a resolution in the Security Council imposing a comprehensive arms embargo on the Islamic republic.

Could we learn about the type of preparations that are present within the Islamic government to cope with such a thing, bearing in mind that a war is imminent and probable in the Persian Gulf area which will certainly reduce the volume of oil revenues and the volume of arms imports?

[Answer] Your question is divided into two parts: the first is the effect of the deterioration of Iranian-British relations on arms imports, especially following the imposition of an international arms boycott by the Security Council, and the second is the course of the war after the cutoff of oil exports.

As regards arms imports, for a long time we have been making serious efforts to realize self-sufficiency in the area of arms and manufacturing what we can domestically since we have succeeded in producing most of the arms and spare parts we need within the country, especially in the past year.

It is to be hoped that our level of self-sufficiency by the end of this year will amount to the provision of arms costing \$2 billion. Therefore we do not find maximum need in procuring arms abroad; indeed even if we find all doors closed our war will continue with greater ferocity.

The war equipment we import is either from friendly countries which do not heed the resolutions of the Security Council or arms dealers and private companies which pay no attention to that, and they provide us with the arms we require.

Concerning the Iranian office existing in London, we reduced the number of people there before the recent crisis with Britain and the cutoff of our relations with Britain does not impose the slightest effect on the future of the war.

If our oil exports are cut off, that will be considered an international conspiracy against the Islamic republic, and the great powers know for a certainty that severing Iranian oil exports means creating an economic crisis in the whole world of thankless consequences. If the world is prepared for such a crisis to occur, we have no objection.

Let me repeat again that we will not be the ones to begin this crisis. Indeed, we are compelled to react and if this happens the world will be facing a major economic crisis, because the world will be deprived of the Gulf's oil and its prices will inevitably rise in an astounding manner.

We have taken adequate preparations for such a crisis, although we do not expect it to occur in such an extensive manner.

[Question] Some news sources from the forces of arrogance are still raising rumors that there are differences and rifts between the army and the guard of the Islamic revolution. What is the extent of the truth of that?

[Answer] The army and the guard of the Islamic revolution represent a single spirit in two bodies, and these two forces became conjoined rapidly in the past 2 years, since [no] important operations are carried out at the present time without the effective presence of the units of the army and the guard of the revolution.

The latest major operation took place a few days ago in the liberation of the Iraqi town of Mawit and we witnessed the solidarity and harmony that existed between the army's airborne forces and the land forces of the guard of the revolution, aided by the artillery of the Islamic army, also as a firmly interconnected foundation.

The headquarters of the seal of the prophets (on whom be God's prayers and peace) were established for coordination between the army and the guard of the Islamic revolution to work side by side to defend the territory of Islam.

At the outset of the establishment of the guard of the Islamic revolution, we were confronted with duplication in the performance of missions. Now, however, everything is as it should be and the units of the two forces are settled along the battlefronts, from Oshnovieh in the far north to al-Faw in the far south.

How can the army and the guard of the revolution militarily take part in the performance of a major operation against the Saddamist enemy, defeat their enemies and liberate their objectives when they are at odds with one another?

The victory we are realizing against our enemy is the result of the unity and harmony that exist among all our military forces, and it is God who grants success.

11887

CSO: 4604/29

RELATIONS WITH SYRIA FURTHER DETERIORATING

London KEYHAN in Persian 9 Jul 87 p 6

[London KEYHAN weekly in Persian; founder and publisher Dr Mesbahzadeh]

[Text] Relations between Tehran and Damascus have reached a critical stage. There are many reasons for the discord between Ayatollah Khomeyni's regime and that of General Hafiz al-Assad. From the the time Hafiz al-Assad first jumped into bed with Khomeyni, everyone thought that this was a temporary pragmatic union, and that the two parties would deceive one another for a time and as soon as the deceit was over they would be at each other's throats.

Clear signs may be seen these days of a storm on the horizon of Tehran-Damascus relations.

The situation is so ominous that a planned trip by the Islamic republic's prime minister to Syria has been cancelled twice. Mir Hoseyn Musavi had his bags packed for a trip to Turkey and Syria, but the Syrian government apparently had no interest in 'receiving this esteemed guest'. For this reason, the Syrian prime minister suddenly became 'ill', and the Syrian ambassador in Ankara told the Islamic republic's prime minister that his trip to Damascus had unfortunately been cancelled. Several days later Musavi packed his bags again, but this time, to his misfortune, Hafiz al-Assad became ill and he remained in Tehran again!

If the situation continues this way, the 'illness' will rise out of the Syrian president and prime minister and descend on the Ayatollah's prime minister, because there are acute problems in Tehran-Damascus relations. Mir Hoseyn Musavi had decided to discuss them with his Syrian counterpart. One of the most important of these issues was attacks by Syrian armed forces on the Hezbollahis of Lebanon, another was repayment of Syria's two-billion-dollar debt to Iran.

The Syrian prime minister, taking refuge in a hospital bed, told the prime minister of the Islamic republic in the language of diplomacy, first of all that he did not feel up to talking about the problems in Lebanon, and secondly that he is too ill to deal with Syria's debt. As the Arab saying goes, he said: We have no money.

Olive owed 100,000 francs to Maurice. The night before the day the loan was due to be repaid, Olive went to bed in a feverish state, and no matter how much he tossed and turned he could not sleep, for he could not obtain the money to repay his debt. He thought about it until two in the morning, and he knew that there was no hope. He called Maurice at two a.m. and said:

Maurice, is that you? This is Olive. You know that I owe you 100,000 francs and that I have to pay you back tomorrow morning?

Maurice said sleepily: Yes, yes, I know!

Olive said: Well, you must know that I don't have a sou and cannot pay you back.

Maurice said angrily: You woke me up at two a.m. to tell me that?

Olive said: I haven't been able to sleep until this hour. Now it's your turn to stay awake!

9310

CSO: 4640/0141

HALF OF EXPORTS CONSIST OF SMUGGLED GOODS

London KEYHAN in Persian 9 Jul 87 p 15

[London KEYHAN weekly in Persian; founder and publisher Dr Mesbahzadeh]

[Text] The Islamic republic, due to its incompetence, is faced with a bankrupt economy, and, like a poor nation, has a severe need for foreign exchange.

The Islamic republic of 'neither East nor West', which is obliged to obtain everything it needs from the East and the West and which encourages its merchants to export as much as they can, does not even have enough of what it needs for domestic consumption.

The great need for weapons, inflation of about 50 percent, along with undeniable financial problems, have persuaded the regime's officials to give priority to exports over domestic shortages. Experts believe that the Islamic republic is not successful with its non-petroleum exports because it has insufficient experience, attention to detail, and organization for this work. For example, Iran's food exports, which are poorly packaged, unattractive and hygienically deficient, cannot compete with products from other countries which are prepared and displayed in a way that is acceptable to the people.

Export specialists believe that the presentation of goods is very important in the creation of markets and outdistancing the competition, because no matter how desirable the quality, without acceptable packaging a product cannot establish a place in foreign markets. Since the Islamic republic's food exports are prepared and presented to meet the expectations of the Islamic republic's officials, they naturally have shoddy and undesirable packaging. They therefore always remain in the warehouses and spoil.

Carpets, which are one of Iran's export hopes, have not been in a particularly good position for some time. On the other hand, the number of carpet-exporting competitors increases every day. Due to easier terms to the customer, until recently Iranian carpets were in 17th place among exports. After the establishment of several showrooms by merchants living abroad, carpets have improved their position recently.

Smuggled Exports

Smuggled exports make it difficult to obtain export figures. While exports were worth about 1.5 billion dollars last year, official government export figures show a total value of 920 million dollars. This difference illustrates that significant quantities of goods are smuggled out of the

country. Those familiar with this sort of illegal export operation say: Crippling regulations and endless paper-shuffling have caused salable goods to be smuggled abroad. The difference in rates for currency contracts is another reason for exports of this type.

Economic experts in the Islamic republic insisted several years ago that Iran could be self-sufficient without using foreign exchange obtained from the sale of oil and by a 100-percent expansion of other goods. In other words, they believe that this country can satisfy its economic needs without oil through the sale of other goods. Unfortunately these hopeful formulas and solutions produced through the Islamic republic's economic theorizing have never gotten beyond the level of talk. As a customs official said, one cannot keep a crippled nation of 50 million people on its feet by selling watermelons and junk machinery!

Ores

Experts in the Islamic republic also believe that Iran's ores can be a source of foreign exchange income.

There are a great many active mines in Iran, and about 1,000 persons are employed in them. These are the equivalent of sand mines. These figures have not increased for years. The Islamic republic has not taken a single step in this area since its inception. Although the Islamic republic's officials have constantly talked about activating the mines, statistics show that the export of ores has of course shown good growth since 1332 [21 March 1953 - 20 March 1954], when it was about 5.5 million dollars to 1365 [21 March 1986 - 20 March 1987], when it was 85 million dollars. Statistics for Iran's mine exports are insignificant and unfortunate in comparison even to some of the Asian nations. For example, in 1353 [21 March 1954 - 20 March 1955] South Korea's exports of mined materials were nine million dollars, and this figure reached two billion dollars in 1983.

Officials of the Islamic republic have always talked of three kinds of exports: traditional, industrial, and tourist. Currently the position of these three profitable businesses for the Islamic republic is completely clear. Success in the export of traditional goods such as carpets requires reliable, properly placed and well-timed promotion, participation in the various exhibitions throughout the year in various parts of the world, and a constant presence in the world's market. Only then will it be possible for Iranian pistachios find their way into the world's supermarkets. In the area of industrial exports, Iran is not in a position to count on income from the sale of machinery and technology. Finally, concerning the tourist industry, one must realize that since the installment of the Islamic republic, tourists haven't even been willing to go to parts of Iran in transit, much less to tour and stay in Iran!

9310

CSO: 4640/0141

AGREEMENT FOR SWISS CREDIT SIGNED

Karachi BUSINESS RECORDER in English 1 Jul 87 p 1

[Text]

ISLAMABAD, June 30: Pakistan and Switzerland signed here today an agreement on granting of a Swiss mixed financing amounting to 90 million Swiss francs to Pakistan.

The Swiss Ambassador to Pakistan, Peter Niederberger signed the agreement on behalf of the Swiss Confederation while the Additional Secretary, Economic Affairs Division, Aftab Ahmed Khan signed it on behalf of the Government of Pakistan.

This amount is divided into a Swiss Government grant of 31.5 million Swiss francs and a Swiss bank's loan of 58.5 million Swiss francs, the later under regular Swiss market conditions as far as the interest rate and the amortization period are concerned.

This contractual framework was concluded with the intention of

further promoting the economic and social progress in Pakistan as well as the import of Swiss capital goods and services required in the implementation of priority development programmes of Pakistan.

Apportion of the financing is intended for small to a medium private sector industries where there is currently great demand for modernisation and expansion. This credit line will be channelled to such industries through PICIC.

Another part of the funds will be put at the disposal of WAPDA in order to assist its investment programme in areas of power generation, transmission and distribution.

The other projects to be financed under the Swiss mixed financing will be decided through mutual consultations between the two government.—PPI

/9274

CSO: 4600/269

SUMMARY OF NEW TRADE POLICY PROVIDED

Karachi BUSINESS RECORDER in English 30 Jun 87 p 2

[Text]

The following is the summary of trade policy announced by the Federal Commerce Minister Dr. Mahbubul Haq yesterday.

TRADE POLICY
FOR THE YEARS 1987-1990

The Federal Cabinet approved the trade policy for the years 1987-1990 Dr. Mahbubul Haq, Minister for Commerce and Planning and Development announced the policy over the national hook-up of Radio and T.V. The new policy will be valid for a period of three years (1987-90) to enable the businessmen to plan their market strategies over a longer period. The policy will be reviewed annually but no basic change would be made in it.

PERFORMANCE OF TRADE:

Despite global recession in the trading of primary commodities, Pakistan's exports in the 11 months of 1986-87 (July-May) registered an increase of 26.1 per cent in rupee terms and by 18.1 per cent in dollar terms as compared to the corresponding period of last year. Exports during the current year are estimated at 3,629 million dollars or 18.2 per cent above last year's level.

Imports during the 11 months period declined by 7.6 per cent as compared to the corresponding period of last year. Imports during the full year May decline from 5,636 million dollars in 1985-86 to 5233 million dollars in 1986-87.

EXPORTS:

The Government intends to pursue its policy:-

—a) Allowing export of new items for which market potential exist and exportable surpluses are available.

—b) Strengthening institutional arrangements with regard to fiscal and credit incentives.

—c) Laying more emphasis on the export of value-added items.

—d) Streamlining existing procedures and removal of bottlenecks.

In pursuit of the aforementioned policy objectives following steps have been taken to maximise exports and achieve export targets:-

EXPANSION OF EXPORT BASE:

Higher tax relief on value added items to provide incentives to the export of value-added items-higher tax relief on the export earnings of high value-added items has been allowed.

REFUND OF SURCHARGE
IMPORT FEE.

Refund of surcharge, Iqra surcharge and licence fee has been allowed on the pattern of draw backs of duty and sale tax.

TRADE SAMPLES AND
GIFT PARCELS:

Limit for sending trade samples to foreign buyers has been raised to Rs. 5,000 and leather garment manufacturers have been allowed to ex-

port 30 samples in a calendar year irrespective of monetary ceiling. Monetary limit for gift parcels has been enhanced upto Rs. 500.

EXPORT CREDIT:

An export credit of US dollars 250 million has been provided for the export of engineering goods to a selected number of countries on soft credit terms.

COTTON AND RICE:

As a major policy measure export of cotton and rice by the private sector has been allowed along with the exports by Cotton and Rice Export Corporations.

RE-EXPORT OF
IMPORTED ITEMS:

Re-export of items in excess of domestic requirements would be allowed against cash under irrevocable letter of credit at a price at least 10 per cent higher than the C and F price in foreign currency.

AIR FREIGHT SUBSIDY:

To provide an edge of competitiveness air freight subsidy will be allowed to a selected number of items.

TRADE CENTRES:

Export Promotion Bureau will set up permanent trade centres in Karachi and Lahore on the pattern of other successful models abroad.

TRADE FAIRS BY COMMODITY ASSOCIATIONS:

In addition to the existing schedule of organising trade fairs abroad, commodity associations have been allowed to organise exhibitions fairs abroad under the umbrella of the Federation of Pakistan Chamber of Commerce and Industry.

RESEARCH AND DEVELOPMENT CELL IN TRADE BODIES:

It has been decided to allow trade bodies to charge additional fee from their members for the establishment of research and development cells. This has been done to encourage research for developing new and latest design improving quality of products and for collection of data.

TRADE FAIRS BY COMMODITY ASSOCIATION:

In addition to the existing schedule of organising trade fairs abroad, commodity associations have been allowed to organise exhibitions/fairs abroad under the umbrella of the Federation of Pakistan Chambers of Commerce and Industry.

TRADE HOUSES:

Existing legal framework concerning export houses is being restructured for the establishment of trade houses on a more effective and viable basis.

TECHNOLOGICAL INSTITUTE:

Existing institutes for cutlery and sports goods industry will be further strengthened through the Federal Government's technical assistance and provision of funds. If need be, new institutes will be set up.

CASH AWARDS:

Cash prizes of Rs. 5 million each year to leading exporters will be awarded from the Export Marketing Development Fund.

IMPORTS

LIBERALISATION AND STREAMLINING OF IMPORT CONTROLS:

It is the government policy to rationalise and streamline import controls. It has been observed that due to restrictions on imports specially on raw materials and intermediate goods, local industry has been suffering for want of necessary inputs. Prices have been on the increase and quality of goods produced has been low. This restrictive policy also gave rise to smuggling and hampering of exports. As a result 148 items have been removed from the negative/restrictive list.

IMPORT QUOTAS:

ARMS AMMUNITION:

The entitlement of the present category-holders will be maintained at the previous year's value. Additional licences will be sold in the open market by auction to registered dealers.

MILK POWDER:

At present milk powder is importable in tins as well as in bulk. Free import of milk powder in tins has been allowed while milk powder in bulk packs will be subject to quantitative restrictions. The existing category holders will be allowed to import 80 per cent of the value imported by them during 1986-87. The remaining 20 per cent will be distributed by balloting on provincial basis. The import duty has been increased to Rs. 10 per kg. To meet the needs of the dairy industry skimmed milk powder will be allowed to the dairy units according to their requirements. Utility Stores Corporation and Canteen Stores Departments will be provided suitable quotas on annual basis as here-to-fore.

MILK FOOD FOR INFANTS AND INVALIDS:

Milk food for infants and invalids has been removed from the list of restricted items. Their import will henceforth be allowed without any quota restriction.

DUTY FREE IMPORT OF COTTON YARN:

In order to make high quality cotton yarn available to our ancillary

industries and to enable them to compete effectively in the world markets it has been decided to allow duty free import of cotton yarn. This would help in overcoming domestic shortage of yarn.

IMPORT OF MACHINERY:

The value of ceilings for the import of machinery has been relaxed to enable the industry to meet its requirements conveniently by arranging imports through various financial institutions and credit schemes.

Limit on import of machinery under BMR has been raised from Rs. 5 million to Rs. 10 million. The value limit of import of machinery by commercial importers has also been raised from Rs. 4 million to Rs. 10 million. There would be no limit on import of machinery against credits. The existing limits for textile industry would continue.

LINKAGE OF TEA IMPORTS WITH EXPORTS:

It has been decided to link import of bulk tea to export of Pakistani goods specially manufactures in the engineering sector. This will be carried out by having bilateral agreements with the tea exporting countries. To do so conveniently it has been decided to entrust 70 per cent of import of tea through TCP. Thirty per cent would be allowed in the private sector provided not more than one third is imported from a single source.

PROTECTION OF DOMESTIC INDUSTRY:

In order to enable local industry to increase their production to meet the local demands and thereafter be able to export also, import of the following machinery has been banned:

- i) Machinery for sugar manufacturing and refining.
- ii) Distribution transformer up to 33 kv.
- iii) Switch-gear and control-gear for voltage up to 33 kv.
- iv) Boilers package type, water tube upto 100 tons per hour, fire tube upto 25 tons per hour.
- v) Gantry cranes and overheads cranes upto 125 MT.
- vi) Diesel generators and generating sets upto 200 kva.
- vii) Centrifugal pumps and deep-well turbine pumps upto 7 cusec capacity.

Cheap credit at the rate of 3 per cent mark-up is available to private

industries to finance their purchase of locally produced goods. This facility has been extended to public sector agencies also.

**AIR-CONDITIONERS,
REFRIGERATORS AND
DEEP-FREEZERS:**

In order to encourage the sale of local made air-conditioners, refrigerators and deep-freezers, thereby increasing the production levels within the country, it has been decided to give an option to the returning Pakistanis to take Pakistani manufactured air-conditioners, refrigerators and deep-freezers at double the entitled rate as compared with their entitlement for foreign made units.

GENERAL:

Apart from main features of import policy discussed above, regulations have been passed to ensure stoppage of entry of a banned items into the country and to discourage mis-declaration of goods at the customs. Easements have been provided in the case of certain items which are not produced in the country e.g. all the banned sizes of ball-bearing will now be restricted to single row, deep-groove type only. Import of samples has been liberalised and the present limit of Rs. 3,000 has been raised to Rs. 10,000. In view of the special nature of leather goods industry, every unit will be allowed to import upto 50 samples including cuttings, swatches and finished products per annum.

**NATIONAL TARIFF
COMMISSION:**

A National Tariff Commission will be established for advising the Government about protection, incentives and assistance considered necessary for industry with a view

to ensuring efficient and maximum use of resources in domestic and external affairs.

**NATIONAL INSURANCE
REFORMS COMMISSION:**

It has been decided to establish a National Insurance Reforms Commission to review the existing structure of insurance and re-insurance in the country and to identify areas needing reforms so as to improve the overall standards of insurance services (both in public and private sector). It will also examine areas for broadening the scope of insurance and extending pension, education and housing besides reviewing the working of the Public Sector Insurance Corporations and the regulatory functions of the Insurance Department.

TASK FORCE:

A high powered task force has been established to review the performance of the corporations under the Ministry of Commerce and to make proposals regarding their reorganisation and improvement in operational policies and procedures.

**REGULATIONS OF
TRADE BODIES:**

To rectify a number of irregularities noticed in the trade bodies, it has been decided on the recommendation of the committee headed by President of FPCCI that the voting right to new members will accrue only after their standing of two years as a member. President/Chairman of a chamber/association shall not hold office for more than two terms, each term being of two years and election to the office for second term has been allowed only after a period of four years.

/9274
CSO: 4600/269

COMMENTARY VIEWS, SUPPORTS NEW TRADE POLICY

Karachi BUSINESS RECORDER in English 1 Jul 87 p 1

[Text] At long last a sensible trade policy has been evolved, Prime Minister Mohammad Khan Junejo and his Commerce Minister, Dr Mahboobul Haq has done real service to the country. Ever since independence we have banked upon the exports of primary commodities--mainly cotton and rice--for our economic development and industrial progress. Since the early seventies BUSINESS RECORDER has been trying to impress upon our nation's economic managers that (1) national economies have by and large got integrated into world economy or international economy and Pakistan is no exception, (2) primary products' world prices have been falling and have now all but collapsed, (3) agricultural or raw material exports do not lead to industrial development or durable economic prosperity and (4) the value-added and manufactured exports are the basic imperatives for a developing country.

That these basic facts have now been realized, is evident from the three-year export oriented trade policy announced by the Commerce Minister on Monday night. Even though it is a three-year policy, it will be unrealistic or unwise to expect [word indistinct] between now and 1900 everything will remain unchanged as has been announced on June 29. Changes and developments in the international market necessarily have their impact on our economy and our trade policy will have to be reviewed and tailored to meet the situation. The important fact is that the basic principle, i.e., the development and the perpetuation of the outward-looking trade policy would stay and would not be foresaken.

The decisions to link imports from individual countries with exports to them is, indeed, a wise economic decision. It is time that partners in trade did recognized the fact that developing Pakistan cannot allow the present trade disequilibrium for an indefinite period. We will buy more from a coun-

try which buys more from us.

Yet another very welcome feature is the reinduction of the private sector in cotton and rice export trade. This is the time for the private sector to prove to the nation, once and for all, that white-colored or Khaki-clad

bureaucrats cannot replace businessmen and industrialists and bring profits to the economy just as shopkeepers, importers and exporters and industrial entrepreneurs cannot efficiently run the government secretariats or command regiments or platoons in the field.

The facilities that have been granted in the export field — fiscal, monetary and item-wise as also for re-export — provide added opportunity to our entrepreneurs to show their worth. Particular responsibility lies on the powerlooms and other ancillary cotton product manufacturers to serve the country and themselves by exporting more and more value-added.

Now that the tea imports have been linked with the exports of machinery to the partners in the trade, it should provide good opportunity to our engineering industry to give a better account of itself and enter the markets, at least, of the Third World in a big way. But here they will have to keep themselves informed about the technological progress in their particular field and

train themselves and their workers accordingly. No developed country can object to the ban on the imports of sugar plants, distribution transformers, switch gears, boilers, generators, cranes and pumps, since these developed countries do not hesitate to impose quota restrictions on our exports to them. Here we would like to point out that no single enterprise should be allowed monopoly production or distribution of any of the machinery item. Another very important decision which can have a tremendous positive effect on our exports is the provision of air-freight subsidy. The list of items that will attract this concession will be keenly awaited.

Now that an outward-looking and reasonably less controlled trade policy has been initiated, it will depend both on the attitude and response of the trading community as a whole and the officialdom directly involved in this sector, in the secretariat and in the field, that its continuation and further progress towards a totally bureaucratic control free market economy, is maintained.

/9274

CSO: 4600/269

COMMITTEE RECOMMENDS RELEASE OF POLITICAL PRISONERS

Islamabad THE MUSLIM in English 25 Jun 87 p 1

[Article by Ashraf Hashmi]

[Excerpt]

ISLAMABAD, June 24: The committee appointed by Prime Minister Mohammad Khan Junejo to provide relief to convicts of military courts is understood to have recommended to the Government the immediate and unconditional release of all those persons who were convicted for taking part in political activities.

The committee, which is stated to have finalised its report for presentation to the Prime Minister, has also recommended a judicial review of the cases of all convicts of military courts barring those guilty of heinous moral offences like rape, murder or abduction.

Highly placed officials expressed the view that the committee made a detailed review of the situation from the human point of view and is said to have reached the conclusion that these martial law convicts needed immediate relief.

The chairman of the committee, Minister of Justice and Interior Wasim Sajjad, while opposing a privilege motion sought to be moved by the POG member Mumtaz Tarar assured the House that the report of the committee would be submitted to the Prime Minister within a couple of days or at the latest by June 30.

The mover of the motion, supported by Javed Hashmi and Sardar Assef Ahmad Ali, regretted the reported refusal of the provincial authorities to allow the members of the National Assembly to visit the political detenus in jails. They said this refusal caused a breach of privilege of the House.

Opposing the motion, the Justice Minister said that it contained two different aspects: one related

to visit to these political detenus and the other about their continued detention. He said the alleged refusal of the authorities to allow the MNAs to visit these convicts in jails was a provincial matter and as such could not be raised in this House. He, however, said that the Government was fully alive to the situation and was taking all necessary measures to provide relief to martial law hardship cases on the directives of the Prime Minister.

The present civilian government, he said, was committed to review the martial law cases so that those convicted by military courts were provided some relief after the lifting of martial law. But he made it clear that all the ML cases could not be reopened and exceptions would have to be made in the case of those who had been convicted of serious moral offences such as murder, dacoity, rape and robbery.

The Minister said the government was fully aware of the facts regarding conviction of political persons under martial law. Full details had been collected by the committee from all the jails which were now being examined by the committee.

The committee was in the process of finalising its recommendations which would be presented to the Prime Minister by that date he had already indicated.

Regarding refusal by jail authorities to permit the members to visit political detenus in jails, the Interior Minister said it was a provincial matter as jails were governed by rules set by provincial governments. The Federal Government was not concerned with this matter.

BALUCHISTAN GOVERNOR TALKS ABOUT PROVINCE MATTERS

Islamabad THE MUSLIM in English 26 Jun 87 p 8

[Text]

QUETTA, June 25: The Baluchistan Governor General (Retd) Mohammad Musa has categorically denied the existence of any U.S. Bases in his province and has dubbed allegations to this effect as politically motivated.

Answering questions during his meeting with an 11-member delegation of NWFP journalists which met him under the leadership of Rahimullah Yousafzai of "The Muslim", he maintained that no area or place in Baluchistan, including the Mekran Coast, was out of bounds for any body.

He pointed out that such baseless claims have been repeatedly made despite official denials.

The Governor felt the Soviet Union had definite long term interests in Baluchistan where it needed a base on the Arabian Sea Coast to monitor the oil bearing Persian Gulf littoral states. He said the Soviets were capable and willing to employ every means, including military, to achieve its geopolitical interests in Baluchistan. He was worried that Baluchistan, having 350 miles of sea coast every yard of which was strategically important was a tempting prize for aggressors and its 1.34 lakh square miles area was too large to be physically guarded.

Governor Musa, forthright and precise in his comments, admitted that some Marri tribesmen have been migrating to Afghanistan recently but he wondered as to what would they do in that war torn country. He however conceded that the government had not been

able to stop them from migrating. He described the migration as only trickle and politically inspired.

The 79-year old former General looking fit and energetic, abhorred the tendency to dub political opponents as traitors and said no one was a traitor or a true patriot until proved so by one's deeds. He felt opposition had a vital role to perform in a democratic polity. He appealed to all Pakistanis, politicians included, to work primarily for the country's interests rather than for petty political motives.

The Governor told a questioner that Baluchistan was indebted to the federal government for picking up its budgetary deficits and meeting its other demands. He felt Baluchistan had great potential and a determined effort could enable it to live up to its promise as the future California of Pakistan. In reply to another question, the Governor expressed his ignorance of any Iranian plans to close its borders with Pakistan and Afghanistan to control narcotics smuggling adding that the problem did not seem serious enough to warrant such an action.

Governor Musa remarked that he was powerless these days as all power was concentrated in Chief Minister Jam Mir Ghulam Qadir Khan. He said his present duties were ceremonial and entirely different from his earlier responsibilities as the Military Governor of West Pakistan in late 1960's during the twilight of President Ayub's Rule. Asked about the secret of his good health, the Governor replied,

"I play golf and used to enjoy around a lot, I have no physical ailment though only God knows how my internal system is."

Meanwhile, the Baluchistan Chief Minister Jam Mir Ghulam Qadir Khan has said the negligible number of Marri tribesmen who had left for Afghanistan would soon realise their folly as their host country would not be able to accommodate them because it had failed to stop its own people from migrating to Pakistan and Iran.

Talking to an 11-member delegation of NWFP journalists which met him under the leadership of Rahimullah Yousafzai, he claimed only about 50 Marris had gone up till now and the development was not worrying. He remarked that the migrating Marris perhaps wanted to partake their share in the goodies being distributed by the Kabul Regime now that they had pushed 30 million Afghans out of Afghanistan.

Jam Mir Ghulam Qadir, who was evasive and imprecise, told a questioner that Pashtoons in Baluchistan were not that naive and immature to agree to merge their area with NWFP and in the process lose whatever rights they were enjoying now. He said in a lighter vein that NWFP journalists would want to have this territory but they ought to first ask the Pashtoons of Baluchistan.

The Chief Minister defended his province's huge cabinet and the record number of advisers and parliamentary secretaries by arguing that Baluchistan needed more ministers owing to its large area and unique geographical profile.

'GENERAL-BASHING' BY JUNEJO, OTHERS CRITICIZED

Islamabad THE MUSLIM in English 26 Jun 87 Magazine pp 1, 4

[Article by Lt Gen (Retd.) Ejaz Azim]

[Text]

Some excerpts from the Prime Minister's speech in the National Assembly on 12 June 1987 have been reproduced by our Press as follows:-

"We will put Generals in Suzukis"

"He told the Generals that they were not some special species deserving rosy villages"

"Secretaries, our Generals badshah log hain"

At the very outset, let me state categorically that we have the greatest of respect for our Prime Minister as the elected leader of our people. In his efforts to restore total and undiluted democracy, after the longest martial law of our history, he has enjoyed our complete and unreserved support. His personal traits of unimpeachable integrity, sincerity, humility and commitment to Islam have stood the test over the past two years. The freedom of expression, both written and spoken being enjoyed by the people of Pakistan today

are perhaps unique in our short but turbulent history. The thoughts expressed in this column are a corollary of this freedom.

I and some of my retired colleagues have been following with growing consternation and concern the attempts at "general - bashing" on matters often totally unrelated to their sphere of activities. It has well nigh become fashionable to lay the blame on the generals if the crops have suffered damage due to untimely rains or if there was a drop in remittances from abroad.

This is reflected in the large number of statements issued almost with fanatical consistency from the various tiers of the leadership associated with political parties. My thoughts as contained in this column are motivated not so much due to the fact that I once had the proud privilege to wear the uniform of Pakistan Army and retired as a general but more as a concerned and aware citizen of this country who can visualise what could happen if such a trend continues unchecked and undiminished.

In our enthusiasm to criticise it is often forgotten that a general is also a Pakistani - first and foremost. Like all patriotic citizens he places the interest of his country above all other considerations. He is the product of a vigorous and a highly competitive system. It is the dream of every gentleman cadet who enters the Pakistan Military Academy to one day become a General. It takes at an average between twenty five to thirty years of hard work, toil, sweat and often blood to

reach this ultimate goal. Along the way he has to qualify on various grades of promotion examinations, efficiency tests, attend courses of instruction, obtain experience of various levels of command, staff and instructional appointments. Not only is he required to have mastered his profession but eminent among his leadership qualities are strength of character and unassailable integrity which serve to inspire those he is privileged to lead. By such qualities, a unique equation is established between the leader and the led which becomes evident in war wherein the led carry out the orders of their leader instantly and without flinching, even though it may mean almost certain death. Military discipline notwithstanding, the readiness to carry out such orders reflects a special bond which exists only in the Armed Forces and which transcends all regional, parochial or sectarian considerations and is dependent almost entirely, in the ultimate analysis, on the qualities of the General as a leader. This bond then, which exists between the General and his command is a national asset because it is this bond which ensures the defence of the country from our predatory neighbours. It may not be commonly realised that any attempt to weaken this bond would weaken the defence of the country, and surely this bond will weaken if you continue to heap public ridicule on our Generals or inflict unfair criticism on them from entering into a public debate. Any attempt to sow doubts in the minds of our soldiers regarding the quality of their Generals, to my way of thinking does not serve the best interests of the country.

Perhaps one duty which a General loathes but per se is duty bound to carry out is aid to civil power in times of popular unrest. To illustrate this point and to highlight what a General is faced with on such occasions, my thoughts go back to the spring and summer of 1977 when I was serving as General Officer Commanding Multan. Civil unrest was at its apex. Industrial and commercial activity was at a standstill. All educational institutions were closed. Protest demonstrations were the order of the day which were almost daily tear gassed and lathi charged. It was in such an environment that one evening in early May 1977 I received a personal phone call from the then elected Prime Minister of Pakistan ordering me to "go ahead and sort out the miscreants." When translated into practical terms what the order implied was that I should use my troops to open fire on my country men and kill two or three

hundred of the protestors. Of course this was not done. On the other side of the coin was the leadership of the PNA movement at Multan whose printing presses brought out an endless stream of posters urging the Army to rise in revolt against the Government of the Day. When this did not work they attempted to sow discord between me and my troops by distributing posters asking the soldiers not to obey my orders. I still have some of these posters in my possession. Not even the person of the Chief of Army Staff was spared and he was the butt of some mean and scurrilous attacks which were totally baseless. Anonymous letters and propaganda posters were continuously mailed to young officers from both sides. It goes to the credit of our Army that it never succumbed to such pressures. It came through that great test with its discipline sound as ever, its traditions intact and with its morale high. Not many armies in the third world would have been able to withstand the pressures as the Pakistan Army did during that tension filled period. Why did this happen? It happened because of the special bond that exists in the Army between the led and the leader and which I have termed as a national asset.

Ofcourse not all of us are angels and we do not lay claim to that exclusive virtue, just as not all politicians or all bureaucrats are angels. All organizations have their dirty fish which spoil the pond. This is equally applicable to the most advanced or the most backward societies in the world today. An individual act of misdeemeanour by a senior army officer gets out of proportion and widespread publicity in the national press which is further fueled by machoistic statements by some of our leaders perhaps to gain a political advantage, even though they may be sitting in "glass-houses" themselves. It is instantly forgotten that we are all the products of the same society. A society which is awash with corruption, and greed, where material accoutrements and not spiritual accomplishments determine a man's position in society, where universities have become the repository of weapons rather than a place of learning and character building, where abduction to obtain ransom money is a common place event, where the national ethos has been perverted to make our youth think more in terms of their regional "nationalities" at the expense of Pakistani nationalism, where a whole nation rises in protest against unfair taxes levied in a budget resulting in the proposals

being withdrawn, yet no one feels it is reason enough to accept the mistake and resign his position. Such an environment is almost certain to yield some black sheep. However, this is no justification for a misdemeanour to be ignored or glossed over. The Army is guided by a comprehensive set of rules and regulations to cover such eventualities. It has an in-built system of accountability which is just and fair. We should let the Army apply their code and enforce their corrective measures without washing the dirty linen in public. It is by no means a "sacred cow" but such measures not only prevent that bond between the leader and the led from snapping, in fact it makes it stronger when the soldier sees that retribution is swift and even the highest is not above the arm of law.

NATIONAL ARMY

Ours is a national Army. It is the repository of the nation's confidence which has charged it with the sacred duty of defending its physical borders and its ideological frontiers. A major portion of the nation's resources are invested to make the Army capable of successfully undertaking the assigned mission. The Army is acutely conscious of their responsibility. The Army, in a way, mirrors the innate and true aspirations of every patriotic Pakistani. Because, it is an organization which accepts, absorbs and welds into a homogeneous body entrants from every corner of Pakistan. They wear the same uniform speak the same language, eat the same food. They develop a comradeship which stands them in good stead during actual conflict. They are true Pakistanis and are instantly prepared to embrace "Shahadat" for their country and their faith. The nation can be justly proud of its Armed Forces. It can sleep in peace as its brave sons stand guard on the frozen heights of Kashmir, on the burning sands of Tharparkar or along the Durand Line.

Our enemies, within and without, are aware of the deep and close affinity that links the people of this country with its Armed Forces. Their attempts

over the recent past have been to rent asunder these links, to sow discord between the people and the Armed Forces, to isolate the Armed Forces and to create friction within the Armed Forces.

God forbid, if these nefarious efforts succeed, our enemies would have eliminated Pakistan without firing a shot. This is what we have

to guard against and it is this mortal danger about which every citizen of this country must be made aware of and what every political leader must guard against.

Pakistan Army is being led today by a group of highly professional and dedicated Generals. They have risen to their eminent positions the hard way.

Their paramount interest remains defence of the country and improving the combat efficiency of their commands. They are not interested in any thing else. The size of their staff cars holds no fascination for them. During my command I always preferred to move around in a jeep rather than in a staff car. I know of a colleague of mine who as the General Officer commanding had once marched at the head of his Division from Narowal to Sialkot at the height of summer.

There was a wide spread feeling in the Army some time ago to completely do away with the staff cars. If the Army had done so, it would have been singled out for adulation by the Prime Minister in his speech on 14 June instead of his remark "we will put Generals in SUZUKIS". For reasons mentioned earlier, it is indeed unfortunate this remark had to be made.

The geo-political scenario in our region does not forebode well.

This is evident from the increasing air and ground violations of our western border, the massing of Indian troops on our eastern border last winter for Exercise Brasstacks and the recent violation of the sovereignty of Sri Lanka by India which carried out air drops on Jafna Peninsula.

In the context, the entire nation would have to stand united behind its Armed Forces to preserve the independence, sovereignty and territorial integrity of our beloved country. Under the circumstances there is a prime requirement that the inimitable national asset — the bonds between the General and his troops, between the people and their Armed Forces — are further strengthened and not compromised.

We should be circumspect in our utterances and place national interests above all other considerations.

"Nothing has ever been made until the soldier has made safe the field where the building shall be built, and the soldier is the scaffolding until it has been built, and the soldier gets no reward but honour."

(Eric Linklater)

PAKISTAN

SOUTH ASIA

BRIEFS

PAKISTANI STUDENTS IN USSR--The Minister of State for Interior, Raja Nadir Pervaiz, responding to a number of supplementaries about the illegal movement of Pakistani students to the USSR and other Eastern Bloc-countries, said the Government was fully alive to the situation. He said that dropouts of society, politically motivated, those who had relations abroad and those who fail to get admission in the educational institutions, were employed and sent to Russia and Eastern Bloc Socialist countries via Afghanistan. This was being done by some Pakistanis who are in Afghanistan, he added. He said it was believed that communist indoctrination is intensified in Russia and Afghanistan. However, the general thinking is that only a few of the students actually become agents. The USSR is generally believed to be the sponsor of students. Initially the recruitment was restricted to Baluchistan and Frontier Provinces only. However now it is believed that students from Punjab are also being recruited clandestinely. [Excerpt] [Islamabad THE MUSLIM in English 24 Jun 87 p 8] /13046

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