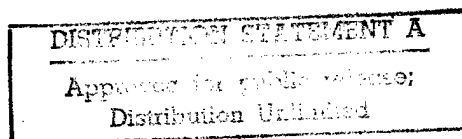


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10 November 1983



West Europe Report

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CONTENTS

POLITICAL

CYPRUS

- Background on Newly Appointed Foreign Minister
(I SIMERINI, 23 Sep 83)..... 1

GREECE

- Government's 'Green Guide' to Global Foreign Policy Issued
(Emm. Simos; I KATHIMERINI, 2, 3 Oct 83)..... 2
- Former PM Rallis Criticizes Government: 'No Electoral
Plans'
(MESIMVRINI, 20 Sep 83, ELEVTHEROTYPIA, 20 Sep 83).. 7
- Charges Made
No Political Plans, by Str. Zakhariadis

TURKEY

- Press Law Attacked as Violation of Basic Freedoms
(CUMHURIYET, 2 Oct 83)..... 12
- TCP Sees 'Turkish Fascism's' End in Revolution Not Votes
(Nizam Sucu; ISCININ SESI, 3 Oct 83)..... 14
- Birand Eyes U.S.-Greek Base Accord Impact on Ankara
(M. Ali Birand; MILIYET, 13 Sep 83)..... 16
- ANAP's Ozal on Campaign Trail in Eastern Turkey
(CUMHURIYET, 13 Sep 83)..... 18

MILITARY

CYPRUS

Briefs		
	National Guard Promotions	19

GREECE

	Hooded Military Men Call for Drastic Armed Forces Reforms (ELEVTHEROTYPIA, 24 Sep 83).....	20
--	---	----

SWEDEN

	Retiring Tank Forces Inspector General on Model for 1990 (Erik Liden; DAGENS NYHETER, 3 Oct 83).....	22
	Defense Expert Recommends Revising of War Doctrines, Forces (Mats Ekeblom; DAGENS NYHETER, 11 Oct 83).....	25
	Defense Forces Chief of Staff Denies U.S. Role in Sub Cases (Olle Larsen; DAGENS NYHETER, 2 Oct 83).....	30
	Conservatives' Adelsohn Wants Tougher Measures Against Subs (Ake Ekdahl; DAGENS NYHETER, 29 Sep 83).....	32
	Keel Imprint on Bottom Now Believed Left by U-137 (Mats Carlbon, Ingemar Lofgren; DAGENS NYHETER, 28 Sep 83).....	34
	Forces Commander Ljung Submits Budget Proposal for 1984/85 (Sven Svensson; DAGENS NYHETER, 28 Sep 83).....	37

ECONOMIC

TURKEY

	MDP Makes Pre-Election Economic Policy Promises (Ceyhan Altinyelek; TERCUMAN, 13 Sep 83).....	41
	Budget Bill Envisages Spending Increase for 1984 (MILLIYET, 13 Sep 83).....	44
	Investment Fields Detailed for F-16 Market (CUMHURIYET, 21 Sep 83).....	45

Contractors on Construction, Market Opportunities Abroad (DUNYA, 21 Sep 83).....	48
Consumption Expenditures Continue Registering Increase (DUNYA, 1 Oct 83).....	50
Private Sector Receipt of Major Incentive Advantage (DUNYA, 1 Oct 83).....	52
Academic Judges 'See Law' as Inadequate Reform (DUNYA, 1 Oct 83).....	54
Academic Charges Monopoly Control of Domestic Market (MILLI GAZETE, 21 Sep 83).....	56
Oyman on Social Problem of Youth Returning From FRG (MILLIYET, 21 Sep 83).....	57

ENERGY

FRANCE

French Institutes, Facilities Experiment With Coal Conversion (Jean Nenin; INDUSTRIES ET TECHNIQUES, 10 May 83)..<	60
--	----

OCEAN/POLAR ISSUES

FEDERAL REPUBLIC OF GERMANY

Measures Needed To Aid German Merchant Marine (Eckart van Hoven; FRANKFURTER ALLGEMEINE, 12 Oct 83).....	63
--	----

BACKGROUND ON NEWLY APPOINTED FOREIGN MINISTER

Nicosia I SIMERINI in Greek 23 Sep 83 p 1

/Excerpts/ Yesterday President Kyprianou appointed Mr Georgios Iakovou to be foreign minister replacing Mr Nikos Rolandis who had resigned from that position.

As we have been informed, Mr Iakovou was promoted to the Ministry of Foreign Affairs in 1979 after strong pressures by the president of the House at the time, namely Mr Alekos Mikhailidis. During the same year he was appointed ambassador to Bonn.

According to our information, Mr Iakovou maintains close and excellent relations with Archbishop Khrysostomos.

Mr Iakovou was born in 1938 in Peristeronopigi, Famagusta. After graduating from high school he studied engineering, economics, psychology, business administration and international relations at universities in London and Boston.

In 1972, he became director of the Cyprus Productivity Center and served until 1974. At the time of the Turkish invasion he assumed the job of resettling and finding shelter for refugees. He did so in his capacity as director of the Service for the Care and Rehabilitation of Displaced Persons.

Between 1976 and 1979 he was on detached duty as chief of the East Africa sector of the UN High Commissioner for Refugees in Geneva.

In 1979, he was appointed ambassador to the FRG in Bonn and in January 1983 he became director general of the Ministry of Foreign Affairs.

He is married and the father of three children, three girls and one boy.

5671

CSO: 3521/46

GOVERNMENT'S 'GREEN GUIDE' TO GLOBAL FOREIGN POLICY ISSUED

Athens | KATHIMERINI in Greek 2-3 Oct 83 pp 1, 15

/Article by Emm. Simos/

/Text/ The government officially acknowledges the anti-Western orientation of its foreign policy and indirectly admits its international isolation as a result of this policy. In a ministerial circular-guideline on the general principles and theses of Greek foreign policy--ironically called by our diplomats as the "Green Book of Foreign Policy"--the government expresses its opposition to the way the Ten /of the EEC/ approach the international problems. At the same time it does not agree that its attitude breaks up Western unity.

Side by side with the principles it espouses for the relations between East and West, the government accepts by implication the arbitrariness displayed in certain Soviet initiatives, contributes to the weakening of Western power to the benefit of the East, and finally makes a distinction between leftist juntas which it treats with understanding and rightist juntas which it attacks with "democratic fury."

The principles of foreign policy as outlined in the circular-guideline of the Ministry of Foreign Affairs acquire particular significance now at a time when our country holds the presidency of the European Community; not only because the Greek opposition--which is becoming a permanent phenomenon--undermines the European cohesion in matters of political cooperation, but also because our country abandons opportunities to strengthen its international supports, thus opting on its own for its international isolation, as shown by the recent reactions of the Western countries.

In the Green Book, which was written by the office of Deputy Foreign Minister K. Papoulias and sent to the diplomatic services, the government does not admit its negative role on questions of European cooperation. It writes: "The cooperation with other EEC countries cannot mean the loss of the right of any member-state to have occasionally different views on certain matters ...which derive from a different approach and analysis of the international developments. Thus, it is totally untrue that Athens prevented Europe from presenting a more unified stand on the international stage."

The Green Book argues that long before Greece became a member of the EEC it was difficult for the Community to adopt a common stand in the United Nations--and it presents statistical data in support of its argument. It notes that the forthcoming induction of Spain and Portugal will even more reduce the degree of common positions.

With the false claim that "the Greek views were proven right" on the question of economic sanctions on the Eastern countries, the government's note calls simply as "behavior" the violation of human rights or the various arbitrary actions of the Eastern countries. And it presents the astonishing view that "certain Western countries insist on the imposition of sanctions and to press for their implementation every time they do not approve of the behavior of an Eastern country." Thus, "the Greek government opposes any form of sanction, not only as a matter of principle but also because such actions are ineffective." This position, according to the same observers, does not differ from the view that the Western World should passively watch any action of international lawlessness and accept its inability and inaction on the international stage to the benefit of Soviet provocation. The government's note concludes with the observation that, "if the Community had accepted the Greek position, it would have avoided the added economic and political cost, especially at a time of political uncertainty and economic recession."

In Favor of The Jaruzelski Junta

Of particular interest is the part in the Green Book referring to the Polish question. On this, it contains the following astonishing statement: "Our position is inspired by the deep conviction that any other arrangement that might have been imposed on the Polish people would have been worse than the Jaruzelski regime which, in any event, averted an open violation of the territorial integrity and open violation of Poland's national independence."

This position reveals, according to the observations of diplomatic circles, that the Greek government:

- a. Tolerates the Jaruzelski regime as the best solution, overlooking the fact that this regime has trampled repeatedly on human rights in Poland. In other words, it rejects as arbitrary and groundless the view that the present Polish regime is less bad than any other.
- b. That this regime averted "an open violation of the territorial integrity and national independence of Poland" is an official Greek admission that the regime has the full trust of Moscow, since the USSR succeeded through "Polish means" to violate Poland's national independence. Otherwise, the Jaruzelski regime would have the support instead of the condemnation of the Polish people if they adopted this Greek theory.
- c. The comments on territorial integrity reveal a certain naivete about foreign policy since all assessments--which have been verified--were that the Soviets would not dare to repeat the Hungarian precedent or the "Summer

/sic/ of Prague" precisely because it would be afraid of the reactions of the Free World and the sanctions such an action would provoke, but also its effects within the Eastern Bloc.

d. By extension, Greece should be in favor of the Pinochet regime because it averted a worse dictatorial regime or an outside intervention which "would have violated /Chile's/ territorial integrity."

Finally, according to the Greek government, "Greece, a country steadily committed to a multi-party democracy, found it nevertheless improper to criticize the political systems because of the events in Poland." This is a thesis which allows a selective criticism of the various dictatorships depending on the side they represent.

Jumbo and Pro-Soviet Statements

The stand of the Greek government on the issue of the Soviet-Korean jumbo jet reaffirms the view that the Greek government follows always a one-dimensional pro-Soviet policy. In this specific case our country:

a. Merely expressed deep regret.

b. Followed a contradictory and misleading policy since it suggested "an investigation" while at the same time it accepted--since the Soviets admitted it--that the plane was shot down.

"Both the tragic event itself as well as the tension it caused show how necessary it is to build patiently relations of mutual trust..." In other words, according to diplomatic observers, the Western countries are advised to be patient and take a passive stand in the face of every provocation. At the same time, the Greek government, in a new contradiction, accuses the Ten /EEC/ of contradictory policies because in its view there is a difference "between their political declarations and their practical measures."

At the same time the Greek government proposes as a "practical measure" a new arrangement "which will legislate the obligation of abstention from the use of violence against civilian aircraft" as though the civilian planes are an everyday target!

Every Greek Proposal Lacks Credibility

In the Green Book the government has the courage to indirectly admit but clearly its isolation, stating that the Ten do not listen to its proposals. Evidence of the rejection of the Greek views is the EEC practice on the problems of Latin America. Thus, the Greek government accuses its EEC partners that they support the Contadora Group (Mexico, Panama, Venezuela, and Colombia) only with words. "However, some of our EEC partners limited themselves only to a verbal support of the Contadora initiatives. When the EEC Working Group on Latin America discussed the question of sending a delegation

/a Greek proposal/ the representatives of Britain and West Germany opposed its implementation on the pretext that nothing justified such a decision.

But at the very same moment the French representative announced the visit of French Foreign Minister Cheysson to countries in the area while shortly thereafter, in August 1983, officials of West Germany visited the area for an on-the-spot investigation."

This reveals, in the words of the Greek government, that EEC, even when it agrees with some Greek proposals, acts independently because of the lack of credibility of Greek foreign policy. Later, when EEC follows a similar course, it does not prove that the Greek views are correct, but it reveals the downgrading of the Greek prestige on the international stage.

This observation is supported by several events revealed by the Green Book: a) "Our partners rejected any discussion of the Greek proposal to have EEC send a permanent observer to the Organization of American States; b) while the Greek proposal for an increase in aid to the countries of Central America was accepted in principle, in the end Britain adopted the idea of giving aid to certain countries selectively."

Imperialism Only From the USA

In the context of the one-dimensional assessment of international developments, the government's instructions to our diplomats, while they remain silent on Soviet imperialism, stress the "profile" of the "ugly Americans." The government says on Latin America: "The inactivity of our partners in taking specific measures to support the initiatives of countries in the area for a peaceful solution of the crisis--in spite of public statements to the contrary--helped the military presence of the United States. This fact opens the door for a more active American intervention in the affairs of the countries of the area to an increasingly dangerous degree with unforeseeable consequences, depriving at the same time Western Europe of an opportunity to decisively contribute to peace in Central America. The Greek view is that the crisis in Central America is not another field of confrontation between East and West."

With this last observation /the government/ reiterates the one-sided and partial view in favor of the Soviet policy since the Soviet "reinforcements" are justified because they are supporting "liberation movements" while on the American side they are an added proof of the American imperialism.

Foreign Policy and the Green Book

The text of the instructions on the principles of Greek foreign policy is dictated--in the opinion of diplomatic circles--not by our country's place within the West and the need for a multi-dimensional and realistic foreign policy, but by specific partisan expediency.

For this reason it is in line with the spirit and the views presented by the party's organs. As an illustration, they recall the circular letter sent by the PASOK Enlightenment Committee to the Nome and Local Committees and to the deputies on the occasion of the signing of the agreement on the bases. In that circular one reads the following ridiculous statements:

--With the initialling of the agreement the colonial period in the relations between Greece and the United States came to an end. The signing nullified the legal regime--secret or open, written or unwritten--which set the chaining of our country behind the chariot of the American imperialism.

--The political framework of the agreement establishing a series of restraints and confessions on the part of the United States to the Greek and the international community (!).

--The agreement seals the unity of the national-defensive and national-independence struggle of our people.

7520

CS0: 3521/28

FORMER PM RALLIS CRITICIZES GOVERNMENT: 'NO ELECTORAL PLANS'

Charges Made

Athens MESIMVRINI in Greek 20 Sep 83 p 1

/Text/ Former Prime Minister Mr G. RALLIS was very hard in criticizing the foreign policy of the government yesterday when he accused it of ridiculing Greece in the way it handled the subject of the agreement to let the bases stay and in performing the presidency of the EEC. He expressed his sorrow for this ridicule that reflects on all Greeks.

In a press conference involving about one hundred Greek and foreign news reporters in the suffocatingly filled hall of the Great Britain hotel, the former prime minister (after refusing, despite the insistent questions of representatives of the newspapers favoring his party, to express any political ambitions under the present circumstances and to speak against the present leadership of the ND /New Democracy/) noted that the government's stand on the subject of shooting down the South Korean jumbo jet is characterized by "political cynicism" and was followed for purely political reasons.

"Let the government learn", Mr Rallis emphasized, "that the foreign policy of a country is not performed with the internal party interests of the government in power as the deciding factor. Nor is it conducted with press fireworks: "The Bases are Gone".

The former prime minister referred to two important subjects during this conference. The signing of the agreement for the bases and the performance of the presidency of the EEC by Greece. In reference to the performance of the presidency, he observed that the government's handling of this duty has damaged and will damage the national interests.

The former prime minister Mr. G. Rallis analyzed the agreement for the bases in a way that left no doubt that it is an agreement for the bases to remain indefinitely and mentioned that compared to the agreement that was being negotiated by his government, the agreement signed by the PASOK government presents four serious disadvantages.

In the negotiated agreement that was made under the ND government, the other side agreed to abolish all previous agreements. To the contrary, the present government did not abolish all of the previous agreements, a fact that will create doubts and disputes with the lack of clarity that "is stated that way".

The government did not consider the preliminary work that had been done by the ND (the minutes are in the ministry of Foreign Affairs) for the years 1976 and 1977 and did not adopt them as facts to start negotiations from that point. The result was for our country to lose large sums that had been referred to in both military and economic aid.

~~Disassociating~~ the agreement from NATO deprives our country from credits that the Congress gives for NATO purposes. Mr G. Rallis clarified that if our country did not receive credits from the USA, it could be easy to get them from other members of the alliance (e.g. West Germany).

While the ND agreement specified that the bases service obligations that occur from NATO conditions, the present agreement talks about bases that service only defensive purposes. (At this point Mr Rallis wondered whether the meaning "defensive purposes"-exceptionally loose-services defensive or aggressive purposes. And consequently, if this determination done by the the government is a determination that secures us).

Denying the "uniqueness" of the agreement, Mr Rallis said there is a precedent. He referred to the American/Turkish agreement of 1980 as well as the agreement his government was negotiating. Mr Rallis also recalled the statements of the present prime minister who described the same words as those of the lowest bidder when he was in the opposition.

Regarding the known letter by Kissinger that committed the American government to peace in the Aegean area, Mr Rallis said the government did not ask for a repetition of this assurance.

Referring to the presidency of the EEC that our country has had for six months and that affords many margins of initiative, Mr Rallis emphasized that the government of PASOK kicked away this great advantage that is in a position to promote the national interests with what occurred last Monday in Zappeion and last Wednesday and Thursday in Strasbourg.

The stand of the government caused not only suspicion but also the rage of not only the conservative governments but also of all the governments of every inclination. Even the government of socialist France. And all this is happening at the moment when vital national matters are turning the corner and are being examined (such as the computer and agrarian policy), for which Greece has expressed an intense interest. Instead of dealing with these matters, the government became involved with subjects such as Poland, the six month postponement of the installation of missiles in Europe etc.

Finally, Mr Rallis did not hide his fears for the repercussions in the progress of the national problem of Cyprus, since its solution is expected to be effected by european intervention, in view of the climate that has been created in the EEC world.

In answer to repeated questions regarding his political plans, Mr Rallis said he will remain in the ND until Parliament is dissolved, but under the present circumstances he does not consider it purposeful to run in the next elections.

No Political Plans

Athens ELEVTHEROTYPIA in Greek 20 Sep 83 pp 1, 13

[Article by Str. Zakhariadis]

[Text] Mr Georg. Rallis insists on the role of "political reserve". Yesterday during a press conference, Rallis repeated his past assurance that he will not be a parliament member in the next elections, not even one by "assignment", because the write-in cross has been abolished and because he is not seeking to become a party chief or a prime minister.

The fact that the former chief of the ND and the former prime minister did not preclude the possibility of sometime

being proposed as President of the Republic was talked about a lot by his political friends, but not in a negative way.

He will not become independent of the ND, despite the difficulties this position is creating for him, especially in parliament, because of regulations.

This position of Mr G. Rallis together with his statement that he does not wish to seek any political position under the present circumstances permits the speculation that, if the circumstances change, he himself does not preclude his taking over the leadership of the ND if it is proposed to him by the majority of the central organization of the party.

The Interpretation.

Thus, yesterday's press conference of the former prime minister is interpreted by certain political observers as a "tactical reminder of his positions" in view of rightist developments.

The most important objection of Mr G. Rallis to the line of the ND leadership is his announcement that:

It will vote in favor of the agreement for the bases in spite of its imperfections. (Up until now the ND had not decided on this matter, even though Mr Averof had described the agreement as the only bright point in PASOK policy.)

Mild Criticism.

During his strict criticism of the government, Mr Rallis avoided any intensity, always motivated within the "mild climate" with political arguments and subdual of inflammatory speech.

Specifically, the former prime minister was asked whether there will be any retaliations from the nine because of recent developments. He said, "I do not believe there will be any retaliation. Very simply the parameters of cooperation are fluid, with the result that sometimes they get narrower and sometimes they get wider. With the clumsiness that has occurred, we cannot expect the nine to open their arms".

If he is called.

Mr G. Rallis also refused to discuss the attitude of the ND Euro-parliament members who voted against the Greek presidency in Strasbourg, saying that "he does not comment on colleagues".

In answer to a question on what his personal position was, he said: "If I am called to the Central Organization of ND, I will develop my views. I will not tell you about them".

We recall that the former prime minister of the ND does not participate in Central Organization meetings on his own initiative from the time he lost the elections. This has raised questions about the special invitation he sets as a condition for his participation.

9346

CSO: 3521/12

PRESS LAW ATTACKED AS VIOLATION OF BASIC FREEDOMS

Istanbul CUMHURIYET in Turkish 2 Oct 83 pp 1,7

[Text] SODEP chairman Cezmi Kartay, PP chairman Necdet Calp and Right Way Party Chairman Yildirim Avcı commented on the new Press Law Bill, the approval of which took one minute at the CA (Consultative Assembly).

Kartay told the CUMHURIYET correspondent that the bill was the "product of darkness and suspicion". The SODEP chairman said that the CA "approved the bill with undue haste, violating its own internal regulations in the process" and then continued:

"It is hardly possible for our press to fulfill its duty without fear and inform the public of the realities under the threat of closure, withdrawal from circulation and heavy sentences for offences which are defined ambiguously. The confiscation of printing machines (under the pretext that the offence involved printed material), in other words pronouncing even the machines guilty, reflects a mentality that is not suited to our times. In sum, the bill completely contradicts the expectations and claims concerning the founding of a free regime in our country. Under the present conditions, the only hope is the bill's rejection by the NSC."

PP chairman Calp expressed his views about the Press Law Bill to the THA correspondent as follows:

"The parliament is an organ authorised to legislate in accordance with the needs of the people and in the light of existing situations. We view the matter in this framework. As a party, we are supporters of free parliamentary regime. We attach great importance to the primacy of law, human rights, independence. The Press Law differs vis-à-vis these principles."

The RWP chairman Avcı's views concerning the bill (against which he voted in the CA) were as follows:

"When the approved bill becomes law it will be impossible for the governments to understand what the people think. It is very difficult for the press to fulfill its public duty under the threat of closure, withdrawal from circulation, and even confiscation of printing machines."

We have expressed our views on the freedom of the press before. It is impossible for a government which cannot find out what the people think to find the right way. In a country where freedom of the press does not exist it would be meaningless to talk of the people's right to check the government.

The way to counteract the drawbacks created by the freedom of the press is, as pointed out by Ataturk, the freedom of the press itself. We consider this freedom as the guarantee of other fundamental rights and freedoms.

We are not condoning the misuse of any right or freedom against the security of the state or society. However, we also disapprove of the dissolution of any right or freedom (or their extended restriction) under the pretext of the security of the state and society."

12466

CSO: 3554/36

TCP SEES 'TURKISH FASCISM'S' END IN REVOLUTION NOT VOTES

London ISCININ SESI in Turkish 3 Oct 83 p 1

[Article by Nizam Sucu]

[Text] While the US imperialists were raining bombs over Lebanon with their warships and planes, the Turkish commando units made a surprise attack at the ASALA camp in Lebanon. They shed blood at the camp, they have agressed against Lebanon. The Turkish army made quite a practice of making forays into other countries under various pretexts. It is evident that they are paving the way towards a more permanent settlement and becoming the scourge of the neighbouring peoples!

Moreover, they are preparing the ground for perpetuating the lie of "back to democracy" by means of the November 6 elections which are a ploy. However, it appears that even the bourgeois opposition will not dare become a party to this preposterous lie. It has leaked out that there have been reactions.

Having barred the Right Way and SÖP from the elections, the fascist National Security Council has vetoed hundreds of parliamentary candidates. With a 90% veto over the independent candidates and the forced resignation of others, it became quite plain that the fascist administration will not allow any opportunity for anyone other than its own puppets. The executives of the Right Way and SÖP which, in all likelihood, will be barred from the prospective local elections in 1984, too, have expressed their displeasure in a covert fashion. Another piece of news about displeasure has come from Demirel. It was heard that Demirel took out another letter to the foreign press complaining that the Evren administration made life unbearable for the average man. It is also rumoured that the letter contains the evaluation that "Evrenism is the fascism of Turkey 1983".

The Mensheviks were determined to establish a common front with Demirel for some time. This second letter has whetted their appetites even more. Nowadays they venture beyond the 'front' talk and engage in actual JP propaganda.

The mensheviks (in their radio transmission on 24 September when they started their campaign for invalid ballots) advise the people as follows: "Delete the three parties, write the name of your party or JP, RPP or NSP on the ballot".

Thus, instead of unmasking the Demirels of this world (who have a way of suddenly becoming 'democratic'), they are engaged in propaganda for the JP, NSP, RPP. The mensheviks, having themselves forgotten the evil role played by the Demirels and Ecevit of this world in the arrival of the junta, are trying to make people forget it, too.

That the November 6 elections are a 'ploy' is further evidenced by the latest vetoes of the fascist administration. The reaction against the junta is spreading rapidly in the European public opinion. Even the conservative politicians are coming up with 'criticism' on the topic of the junta. The campaign exposing the junta that has been carried out by the revolutionaries and democrats abroad started bearing fruit. The subject of Turkey reappeared on the agenda of the European Parliament in recent days. This time a resolution was passed which was unfavorable to the fascist regime. It was decided that the November 6 elections would not be recognized as legitimate.

Meanwhile the approaching elections have led to an increase in the demagoguery of the junta and its 'promises'. The fascist junta, which is planning to perpetuate its power by hiding like an ostrich behind the civilian government to be formed after the elections, is making promises through its mouthpiece, Prime Minister Uluşu. The increases in public employees' salaries and workers' wages have been brought to the agenda. The council headed by Uluşu and the Superior Arbitration Board are proposing a 10% increase. Turk-Is, on the other hand, is 'heroically' defending a mere 20% increase. Considering the 50% inflation during last year, the 20% demand by Turk-Is will not manage to placate the workers one single bit and will not enable Turk-Is to appear as the champion of workers even for a single moment. Our working class will destroy the union fiefdom, will create its basic syndical unity which would be pro-worker and will obtain its syndical rights come what may.

The unbearable living conditions of workers, laborers find their way into the pre-election bourgeois press, with Rauf Tamer exclaiming, "Wow! Book costs of a single junior-school student is TL 14,000, more than the minimum salary!" and he calls for measures to be taken. Ergun Goze and Yavuz Donat draw attention to exorbitant prices, low minimum salaries, and the struggle to make ends meet. These writers are scared. They are trying to place a distance between themselves and the fascist administration to avoid being crushed under the collapsing structure.

The structure will collapse. The spread of revolutionary fires lighted by the imprisoned revolutionaries at numerous prisons, the rapidly rising dissatisfaction among the people, the increasing loneliness of the junta, all are instances promising the possibilities that are opening up. Let us accelerate the fight against the bourgeoisie and opportunism as if the revolutionary wave were to sweep tomorrow. Let us transform this conflict into an organized material force, let us organise.

BIRAND EYES U.S.-GREEK BASE ACCORD IMPACT ON ANKARA

Istanbul MILLIYET in Turkish 13 Sep 83 p 7

[Article by M. Ali Birand in the column "Corner": "U.S.-Greek Agreement, What Effect on Turkey"]

[Text] The base agreement signed between America and Greece brings with it the likelihood of an impact, not on future Turkish-U.S. relations alone, but on Turkish-Greek relations and even on the Turkish economy.

Despite all the official equivocation by U.S. administration officials, what lurks between the lines, according to certain Turkish authorities who have seen both the agreement and the full text of Washington's letter to Athens, is that the United States will preserve the balance of power between the two nations and keep the 7/10 ratio adopted by Congress in 1978. That means the armament race between Turkey and Greece will grow steadily in the years ahead.

Just as Greece, whose economy is stronger than Turkey's, will be able to obtain more weapons than Turkey could buy with all the money it has, every credit increase which the United States gives for the Turkish army's larger credit requirement concomitant with its size will afford extra new opportunities to Greece. The arms balance between the two nations will, therefore, steadily develop in favor of Greece, just as it has today in air power in the Aegean. To counter this and re-establish the balance, then, Turkey will have to put its already scarce resources into arms purchases. Such a likelihood will both further strain the Turkish economy and may make it impossible to establish a climate of peace between the two nations.

These are some of the most important misjudgments by the American Congress and now--whether purposely or not--by the U.S. administration also.

Looking realistically at the point at which 7/10 has arrived today, one sees that nothing has changed.

The Reagan administration, despite all of its elaborate equivocation, is not in a position to do anything as regards 7/10. Whether it wants to or not, it has to retain this ratio a while longer. The reason is that Congress, which

has the final word on military credits, does not intend to change its mind on 7/10. The pro-Greek, but anti-Papandreou members of Congress even bit the bullet this year and reluctantly voted to let 7/10 stand.

The Reagan administration has neither the strength, with all its other important problems with Congress, to launch a fight to get this ratio lifted nor the intention to take on the Greek, Armenian and Jewish lobbies with only a year left until elections. With the recent agreement, the Reagan administration has officially given notice (if the interpretations are correct) that it is bowing to Congress.

The lesson Turkey must learn from this development is the need to base its relations with the United States on pragmatism and hard figures rather than feelings. Instead of looking at the praise and speeches of a few officials who say, in essence, "We do not accept the 7/10 ratio. We will do everything we can to lift it," and acting on the theory that "this administration likes us and will certainly do that," we should have considered the fact that the United States is a super power and, therefore, looks at all events globally, not locally as we do, and would be unable to ignore Greece; and then, like Washington, we should have calculated our every step. So, for this reason, the lifting of 7/10 ought to have been made a condition before signing the accord on the Batman-Mus bases, which are more important than anything else for the United States, and the bargaining ought to have been fairly stiff.

In acquiring the right to use these two bases (whether within the NATO framework or not) in eastern Antolia, the United States has paid a very cheap price for the "deterrent" against the Soviets which may ultimately be very costly. As will be recalled, the Reagan administration's attitude and proposals to Congress were quite different until the Turkish base accord was signed. The administration signed the base accord and proceeded to forget about the fight it was supposed to conduct in Congress.

This type of approach is nothing abnormal for a super power. And Turkey should have thought about this and bargained accordingly.

Greece, too, should learn the same lesson. The United States has now resolved the bases problem in both Turkey and Greece. How it will interpret the agreements tomorrow and how it may act in a changeable climate and circumstances is something no one can say at present.

Turkey protested this development, and will continue to do so. However, the need for reassessments without emotionalism must not be forgotten, either. And Turkey holds a stronger hand than Greece...

...Such as reviewing the agreements and restricting use of the bases.

Meanwhile, we must admit, without letting ourselves get carried away, that 7/10 cannot be defeated either by speeches or irreversible blackmail. The best and only way to get there is, in the long run, by way of strengthening the Turkish economy. As soon as this materializes, there will be neither a Congressional, nor a lobby, nor an Aegean-Cyprus problem. We must first put our own house in order, or we will find many more of our hopes dashed and we will be defeating ourselves.

8349

CSO: 3554/430

ANAP'S OZAL ON CAMPAIGN TRAIL IN EASTERN TURKEY

Istanbul CUMHURIYET in Turkish 13 Sep 83 p 6

[Text] Erzurum/Erzincan (CUMHURIYET)--"I see these elections as the elections for Turkey's destiny. If you make the right decision in these elections, if you make your decision truly thinking about posterity and the future of the country, this country will go forward," said Motherland Party chairman Turgut Ozal.

Flying from Ankara to Erzurum yesterday, Ozal said in a statement at the airport that the purpose of his visit was to see the organization and coordinate with them. He said the parties were not established solely to run candidates for national deputy. "The parties are, ultimately, a policy-making bridge between the people and the state," he said.

Ozal stopped in Askale en route by car to Erzincan from Erzurum and standing atop the district chairman's desk there, made a speech in which he said:

"In establishing this party, we have brought out a new program incorporating the experiences of the past 30 years. In as short a time as 2 months, an important election will be taking place in Turkey. I see these elections as the elections for Turkey's destiny. If you make the right decision in these elections, if you make your decision truly thinking about posterity and the future of the country, this country will go forward, and the old quarrels and chaos will be a thing of the past. Turkey will never see those bad times again. The decision is entirely up to you. Don't be sorry after the fact. This country has many problems. If you want them resolved, make the right, proper decision."

Ozal said he was not making any promises. "We will work heart and soul; this is our promise," he said.

Stopping later in Tercan District of Erzincan, Ozal said, "It is necessary that we put great stress on education and learning." At the provincial building in Erzincan, Ozal also spoke of unemployment, education and inflation. Ozal returned to Erzurum for the night and will go to Agri and Kars today.

MILITARY

CYPRUS

BRIEFS

NATIONAL GUARD PROMOTIONS--According to an announcement in the GOVERNMENT GAZETTE, Minister of Defense Veniamin has promoted the following officers: Infantry Major Sotirios Oikonomidis was promoted to the rank of lieutenant colonel as of 1 October 1983. Lt Ioannis Khristidis, legal corps, was promoted to the rank of captain as of 1 October 1983. /Text/ /Nicosia I SIMERINI
10 Oct 83 p 17 5671

CSO: 3521/41

HOODED MILITARY MEN CALL FOR DRASTIC ARMED FORCES REFORMS

Athens ELEVTHERTYPIA in Greek 24 Sep 83 p 8

/Text/ The disciplinary imprisonment imposed on soldiers is unconstitutional and illegal. The Constitution recognizes the absolute freedom of every citizen and assigns the authority for imposing jail sentences exclusively to the criminal courts--and only exceptionally to court martials.

These views, which are expected to cause a sensation, were voiced by attorneys Nikos Konstandopoulos and Khristoforos Argyropoulos.

The legal opinion of the two attorneys was read yesterday during a press conference given at an Athens hotel by the "committees of soldiers, sailors, and airmen."

Three representatives of the committee--one from each service--appeared hooded before the press and spoke once again about "the unacceptable conditions which prevail in the military camps: isolation, repression, arbitrariness by superiors, etc."

"We want," they said, "the walls of silence to crumble from around the barracks. In 1983 alone the suicides of soldiers reached 30. We want a 12-month term of military service and a change in the living conditions. Instead of responding to our requests, they insult us and call us provocateurs. But we have right on our side and /Deputy Minister of Defense/ Drosogiannis cannot break us as he says."

The speakers gave the declaration of the committee as developed at the Second Panhellenic Meeting of representatives of the committees which operate in the major Greek cities.

The declaration states:

"We are fighting a) to improve the living conditions of the soldiers; b) to abolish the penalties which extend the term of service, the court martials, the military police; c) to abolish the fascist military rules known as 20-1 and the military criminal code; d) to reduce the term of service to 12 months; and e) to abolish all restrictions on the exercise of the democratic and syndicalist rights of the soldiers."

When asked why they had their faces covered, the speakers replied:

"We do not hide from anyone. If Drosogiannis wants to meet with us and hear our requests we will go there responsibly and openly...They are mud slinging and they say we are 'a center of international anarchism.' In response we tell them that we are in touch with the 'European Syndicate of Soldiers' whose next Congress will likely convene in Athens."

It was also announced that around the end of October there will be a two-day program in Athens with activities and discussions concerning the problems and demands of the soldiers.

Members of the committees set up by civilians in support of the soldiers' movement also participated in yesterday's press conference.

7520

CS0: 3521/26

RETIRING TANK FORCES INSPECTOR GENERAL ON MODEL FOR 1990

Stockholm DAGENS NYHETER in Swedish 3 Oct 83 p 6

[Article by Erik Liden]

[Text] "The army's mechanization must be expanded and improved. A new tank is needed for the 1990's. The tanks we have today should be renovated and equipped with new sights and engines."

Those were the words of retiring tank commander Bjorn Zickerman, the brigadier general who astonished draftees, generals and politicians with his forthright views concerning how Swedish defense should look in the future. He has also managed several times to stop political proposals to phase out the Skane P2 dragoon regiment in Hassleholm where he himself was in charge from 1972 to 1980.

During his time as tank commander, Zickerman has engaged in tough battles to create sympathy for an expansion of tank troops and now that he is retiring, he is not concealing the fact that he succeeded.

"Army chief Nils Skold has accepted the importance of tanks and other armored vehicles for defense. I would have never been able to gain approval for the renovation and modification of the Centurion tanks and the S tanks if Skold had not been receptive to my arguments for doing so.

"Within the army's tight real economic framework, I am satisfied with the funds that are now going to the tank troops. Over a 10-year period almost 3 billion kronor will be put into improving old tanks and developing new ones.

Time to Decide on New Tank

"It is quite another thing that I feel we should have already had a decision on a new tank. But a long-range billion-kronor decision, as Switzerland made concerning the manufacturing license for the West German Leopard 2 is impossible with today's economic realities."

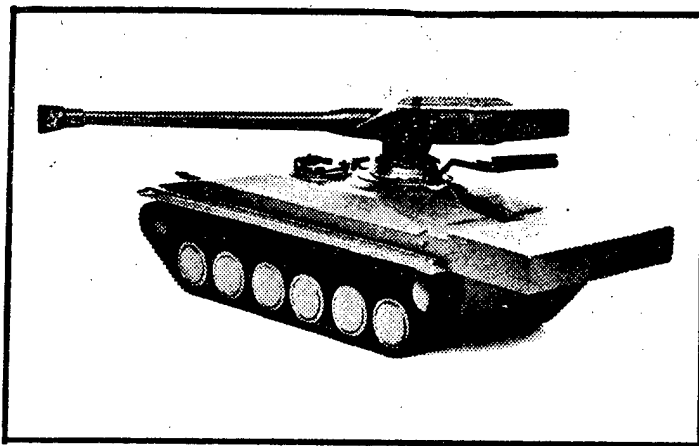
But Bjorn Zickerman is convinced that eventually Sweden will also get a new tank. He did not think we could develop and manufacture one at a reasonable cost in Swedish industry, but that the solution lies in joint development with other countries and licensed manufacturing in Sweden.

"We are good at tread design and tanks in Sweden, especially because of Sven Berge, an internationally famous tank designer who has had the courage to tackle difficult and unknown areas."

Zickerman said direct purchase of the West German Leopard 2 would cost 15-25 million kronor per tank, with the higher figure including spare parts and ammunition. With a development cost of several billion kronor for a new tank, Swedish industry could not match that unit cost.

Central Controls Too Costly

"That is also why I cannot recommend the controversial XX 20 light tank, which with its central controls between tanks would represent an interesting innovation. The tank is simply too expensive, does not give enough protection and is technically complicated. But it would be quite possible to develop and manufacture other light tanks in Sweden."



A lighter tank with a 12-cm gun has been presented by Sven Berge, world-renowned Swedish tank designer. The tank commander believes in this idea, but feels the price could be an insurmountable barrier.

Zickerman has followed with interest the debate on whether guns or missiles should be the main armaments in tank forces. He does not hesitate a second when he says a modern 12-cm high-pressure cannon has important advantages:

"Compared with the current missiles, such as the TOW we bought from the United States, guns have a shorter firing time, higher rapidity of fire and endurance, better target impact, they can be used for both defense and attack and the ammunition is considerably cheaper. Already now, missiles are 20 times more expensive than tank ammunition."

The real drawback of guns is that they are less likely to strike targets over 2,000 meters away, while missiles can be used for distances up to 3-4,000 meters.

Guns Hit Most Targets

"But one should bear in mind that targets farther away than 3,000 meters involve only 15 percent of all cases. To increase the effectiveness of missiles and guns, electronic aids such as heat-seeking sights can be acquired. It is also quite possible to manufacture them in Sweden.

"The problem with missiles is that they can cost up to a million kronor apiece, if they are equipped with target-seekers, which I think will be necessary in the future. To handle the increasingly well-protected tanks of the future, the striking force of missiles will have to be further increased.

"The undercalibrated bolt projectile now found for all tank guns can deal with modern tanks more easily than missiles with their guided explosive effect, which is why a combination is needed."

Bjorn Zickerman's conclusion to this line of reasoning, which also has the support of the army leadership, is that in the future Sweden must place a priority on new tanks with modern guns of at least 12-cm for attack purposes and rely on older models for defensive combat.

In retirement, Skane man Bjorn Zickerman will continue to live in Stockholm and he hopes that at times he can help the defense industry with his knowledge of international tank development.

6578

CSO: 3650/7

DEFENSE EXPERT RECOMMENDS REVISING OF WAR DOCTRINES, FORCES

Stockholm DAGENS NYHETER in Swedish 11 Oct 83 p 2

[Article by Mats Ekeblom]

[Text] "Developments in military technology and operations have made our present defense force impossible. It is time for the politicians to step in and firmly guide the defense system into a new and realistic structure. The defense force is incapable of doing this." So writes Mats Ekeblom, who works with the National Board for Economic Defense, OEF. Ekeblom has worked in the past with the Defense Ministry, the Military College, the army staff and the defense staff, for the last 3 years as general staff officer in the operations administration of the defense staff.

The economic crisis of the armed forces is not economic. Instead it is a crisis of military planning and the current defense structure. We simply cannot afford the current orientation of the armed forces. The lack of money has only hastened the collapse. Even if the armed forces had been given bigger appropriations and the exchange rate of the dollar had been lower, the crisis would have come--but in that case it would have taken a few more years.

It is time for the politicians to step in and firmly guide the defense system into a new and realistic structure--the defense force itself is incapable of doing it.

The reason for the now acute crisis is the development of military technology and operations. This has made our current defense system impossible.

This is really nothing new. This development has been going on for a long time. But for many years defense leaders have chosen to close their eyes to the fact that Swedish defense cannot go on copying the developments in the superpower defense systems. Or more correctly--they have chosen to

make every effort to preserve the same military organization and tactics that we had in the 1950's and 1960's.

This is really quite natural. All organizations try to preserve themselves and they are really unable to radically renew themselves single-handed. This is especially true in such a strongly hierarchical organization as the armed forces. The young general staff officers--who often have their own ideas--quickly learn to adjust to the prevailing pattern of thinking. "Thinking the right way" and working effectively pay off in the long run.

It is true that the defense system has been rationalized and developed--but not sufficiently--and perhaps in the wrong direction. But above all this has not been done by the system itself. Instead the armed forces have been forced time after time to take tough rationalization steps due to the fact that finances have not permitted the development the military leadership wanted.

The Viggen system in the air force is a good example. The air force's imaginative ambitions from the 1960's were broken down by real economic developments. The number of airplanes had to be cut drastically. The armaments are currently not as advanced as planned. And so forth. But most painful of all, they were forced to carry out extensive reductions in peacetime levels of strength.

Today one can hear air force representatives patting themselves on the back for all the rationalization that has been done to maintain the quality of the wartime air divisions. A self-deception--designed to conceal the bad planning that made the rationalization necessary.

Now the air force is confronting a crisis once again. More money is needed to carry out the Viggen project than state finances permit. This would not have happened if they had had a more realistic view of future possibilities a decade ago. But they have consistently made wrong assumptions about developments and bitten off more than they could chew.

Another good example of inability to think in new ways is the navy's destroyer flotillas--now a thing of the past. For the longest time the navy tried to keep the old cannon-equipped destroyers. When they were finally scrapped several years ago, developments had gone by them by at least 10 years. The development of ocean missiles had made our destroyers unusable in combat. They would have been sunk within hours of a combat engagement. But the navy held onto the destroyers even though there was not enough money to equip them with an adequate number of advanced missiles and counter weapons.

During the 1960's the choice--for economic reasons--lay between retaining destroyers with mediocre equipment and developing a new light fleet with ocean missiles. The navy chose to keep the destroyers. Even though we

were far advanced in ocean missile development--even on an international scale. But then it was the dream of every navy officer to serve on one of these big rapid vessels--the pride of the navy.

In this way it was impossible to produce the light coastal fleet armed with ocean missiles that everyone really should have seen was the only sensible future course. That is why we stand now with inadequately-armed torpedo boats and a few patrol boats with light missiles--unsuitable for defense against an invasion. Many naval people want to place the blame for what has happened on the state authorities--because not enough money was provided. But that is an excuse. Even in the armed forces, people must learn to adjust their desires to what they can afford. They had a choice to make--and made the wrong one.

The defense leadership is now asking for more money in order to increase the striking power of the navy. But it is probably too late. The money that was wasted on retaining oldfashioned destroyers in the 1970's cannot be recovered.

For the army, a large number of attack brigades represented the holy cow. Quantity has consistently gone before quality. The result has been an army which today would have to mount a cycle attack against an aggressor in rapid, armed and armor-protected cross-country vehicles. It is true that the most modern infantry brigades have cross-country cars in which the troops ride.

But the only protection they have is a tarpaulin.

The airplanes and combat helicopters of an aggressive superpower would produce an incredible amount of damage when attacking our unprotected soldiers. It has not even been possible to provide protective vests--which provide effective protection against fragments--for our best units.

All too long the army has been influenced by conventional tactics and technology rooted in World War II. Intensive strikes against the armed might of the aggressor--using many brigades of poorly-equipped cycle-mounted infantry soldiers--are supposed to be a match for large numbers of technically-advanced superpower divisions.

World War II is not going to be repeated. The operative capability of the big powers has increased many times over in strength, mobility and rapidity. The Swedish Army has been unable to keep up. Therefore there is a big risk that army units--with the present tactics and equipment--will be unable to handle modern war. They simply lack the protection, the mobility and the firepower required by our conventional tactics.

Fortunately they have started to make changes in the tactics. The new trend in its original form was an intelligent adaptation of the Finnish "counter tactics" from World War II to modern conditions.

But the new ideas ran into stiff resistance in the army. They threatened the current structure. And people were not really sure what they involved. The changes were too great.

Therefore the tactical rules that were finally established in 1982 were much watered down. The traditionalists had won. This did nothing to remedy the need for big heavily-armed attack brigades--an army structure we cannot afford. Especially not if we are to retain all of the 30 brigades that exist today.

The traditional tactic calls for mechanized (armored) brigades. It might have been possible to achieve that in the 1970's. But in that case, it would have been necessary to cut the number of brigades sharply. There was no enthusiasm for that. Quantity came before quality.

Nils Skold--the present chief of the army--tried in the beginning of the 1970's to launch a debate on new ways to achieve a forceful Swedish defense system. This produced an incipient dispute among the three branches of defense, the army, the air force and the navy. That could not be allowed to happen! The defense staff did everything it could to put a lid on the debate. A conflict among the defense branches was not regarded as being beneficial to the armed forces. The military leadership should stand united in the struggle to retain a defense system modelled on World War II.

The defense power structure from the 1950's and 1960's was holy as were all the predominant weapons systems. An inflexible belief in the necessity of conventional tactics, destroyer flotillas, many attack plane divisions and brigades blinded the military planners.

There were also elements of extortionist tactics against state authorities. By putting funds into certain projects, it was hoped that parliament and the government would be sufficiently committed so they would be unable to say no later. At times the authorities said no anyway. One of the results of that is that we have new ultramodern coastal artillery installations outside Umea. But outside Stockholm there are only modernized installations. They simply counted on parliament being unable to turn down a modern coastal artillery outside Stockholm. For that reason they started building in other--less operationally important--areas such as Umea.

The development I have outlined is not unique. Most military systems contain strongly conservative structure-preserving forces. Both in the East and in the West. I am quite certain that at the outbreak of World War II we would have had a great many cavalry units--armed with sabers and carbines, like the Poles--if the Social Democrats had not demolished the old defense structure from the turn of the century in the 1925 arms reduction decision.

The 1980's should not be expected to lead to any changes in the way the defense forces develop. Not unless outside forces step in. What is needed

now is that the politicians take a firm grip over the defense forces. Not to disarm them--as in 1925. But to obtain a defense system with a reasonable investment of money that can at least survive a modern conventional war and stop limited attacks by superpower forces.

In 1987, a new Defense Act must be passed. By then we must find new ways for the defense forces to develop. We must create a defense force that is not just a poor copy of the superpower forces. It must be built up with modern Swedish technology. Tactics must be based on evading the forces of an aggressor--instead of providing targets for his advanced weapons--and on exploiting his weaknesses.

A reshaping of defense in this direction would probably not be much cheaper than current defense--but it would be better.

6578

CSO: 3650/7

DEFENSE FORCES CHIEF OF STAFF DENIES U.S. ROLE IN SUB CASES

Stockholm DAGENS NYHETER in Swedish 2 Oct 83 p 19

[Article by Olle Larsen]

[Text] "We do not need any help from the United States to protect our coasts from Soviet submarines and we have clear proof that Soviet subs are responsible for the violations." That is what Defense Chief of Staff Bror Stefenson said in response to the criticism that has been directed against the Swedish armed forces by Soviet Major General Viktor Tatarnikov.

The latter said that the submarine violations are an invention of the United States. The fabricated Soviet violations are intended to force Sweden to ask for help from the United States, Tatarnikov said in the Saturday edition of DAGENS NYHETER. The good relations prevailing between Swedish and American military people would facilitate the U.S. plans, in the view of the Russian general. According to him it is also naive to claim that the impressions on the ocean floor could be identified as Soviet.

"My attitude is that the facts should speak for themselves," Bror Stefenson said through the Defense Staff's press section.

"I have no reason to get involved in political wrangling. We have an overwhelming array of evidence from Harsfjarden and our problem is not writing history but making sure that the violations stop and we will do so with all the means available to us and definitely by ourselves.

"Sweden does not have any alliances and has no special relations with any nation," said Bror Stefenson in response to the Soviet general's charge that Sweden has better relations with the United States.

Both the pictures included in the report by the Submarine Commission and the picture recently released for publication showed that the bottom consists of clay and sand, Bror Stefenson said.

Tatarnikov expressed doubt that tracks could be seen on the rocky bottom.

He also said there could be no doubt of the quality of the evidence provided by the pictures and the information given to both the Submarine Commission and the general public.

Measurements of the tracks that were found also correspond to the measurements made of the submarine that ran aground in Gasofjarden outside Karlskrona. The navy's frogmen went below the submarine at that time and measured and filmed the hull and the keel. The measurements were made on several occasions between 27 October and 6 November while the Soviet sub lay aground. But the Defense Staff Chief could not say exactly when the keel was measured, something that would have been difficult as long as the submarine was aground. But he was very definite on another point.

"We have never cut back on our armed efforts for fear of damaging a submarine. But our job is not to sink subs but to force them to come to the surface," said Bror Stefenson.

6578

CSO: 3650/7

CONSERVATIVES' ADELSON WANTS TOUGHER MEASURES AGAINST SUBS

Stockholm DAGENS NYHETER in Swedish 29 Sep 83 p 6

[Article by Ake Ekdahl]

[Text] The government must arrive at a strategy for how to react to continued submarine violations. So said the leader of the Liberal Party in the Wednesday edition of DAGENS NYHETER. Today he received the backing of Conservative leader Ulf Adelsohn and the Center Party representative on the old Submarine Commission, Lars Eliasson.

But Ullsten got no support for his proposal for a new Submarine Commission to evaluate and analyze the reports that have been flowing in over a period of time concerning violations of inner Swedish waters.

Most dubious about a new parliamentary commission was Riksdag member Olle Svensson, the Social Democratic representative on the former commission.

"National commissions should be reserved for extraordinary situations," he said.

Olle Svensson thinks that Defense Minister Anders Thunborg displayed great frankness in dealing with the Foreign Policy Board and that this was sufficient.

This is what Ullsten wrote in DAGENS NYHETER: "A political provocation calls for a political response. It would be wrong to make a new Harsfjarden report on the events outside Karlskrona."

"If the violations continue, the government will be placed in an untenable situation if due to a lack of tangible evidence it feels unable to make renewed protests. The force of the strong reaction following the Submarine Commission's report will also soon die down.

"The government must develop a carefully prepared strategy for reacting to continued Soviet attrition tactics. One measure would be to appoint a new submarine commission."

In response to our question, Defense Minister Anders Thunborg, who has the power to appoint a commission said that he did not have time to comment.

His party colleague, Olle Svensson, felt that we should be careful with commissions.

"We should calm down a little and wait and see what comes out of new reports."

Lars Eliasson (Center) felt that continued submarine violations represent such a vital security policy issue that they must be analyzed by other parties as well as by the government party.

"The violations involve such a sensational change in the security policy situation that they should be analyzed at a high political level with the leaders of parties in parliament or the people just under them," he said and agreed with Ullsten that the government should have a strategy for how to respond to violations.

Wrong

"If the government has any strategy at all, then it is wrong," said Conservative leader Ulf Adelsohn. "The Swedish government is sending the wrong signal to the Soviet Union when it now plans to send over an under-secretary to set up new contacts and when it refrains from issuing strong condemnations in the foreign minister's speech to the United Nations."

"On the other side of our territorial waters sits the abominable sender of submarines and looks at how the government reacts when the violations continue. He should not be given the impression that we are prepared to open up our relations with him."

"I agree with Ullsten that the government needs a strategy that has been hammered out by the four democratic party leaders in parliament working together. But I am doubtful about a special commission."

6578

CSO: 3650/7

KEEL IMPRINT ON BOTTOM NOW BELIEVED LEFT BY U-137

Stockholm DAGENS NYHETER in Swedish 28 Sep 83 p 7

[Article by Mats Carlbom and Ingemar Lofgren]

[Text] There are now more indications that Soviet submarines have been submerged in Swedish waters.

So said the Defense Staff after the disclosure that the impressions in Harsfjarden correspond exactly with the keel measurements of the U-137 which ran aground in Blekinge.

"We could not say what we knew about the submarines since there was a quite unnecessary insistence on secrecy," said staff editor Bertil Lagerwall of the Defense Staff to DAGENS NYHETER. "There are several things we are keeping quiet about."

Is there further evidence that it was definitely Soviet submarines that have been violating Swedish waters?

"Yes, there is."

According to Bertil Lagerwall, the military is quite certain that foreign submarines were operating in Harsfjarden and in the waters off Sundsvall and Karlskrona.

The indications that there were Soviet submarines in Harsfjarden in October 1982 are already known. Some of them were presented in the Submarine Commission's report this spring.

And on Tuesday, Defense Staff Chief Bror Stefensson revealed new information. Among other things, navy divers had secretly swum underneath the grounded U-137 in the Blekinge archipelago and made precise measurements of the keel. The measurements turned out to correspond exactly to the keel imprints on the ocean floor of Harsfjarden.

Armed Forces Certain

When it comes to the submarine hunts in Sundsvall and Karlskrona, where the armed forces are certain that foreign subs were operating, however, the Defense Staff is more reticent. When asked if there was also evidence against the Soviet Union there, Bertil Lagerwall replied:

"No comment."

Were there signs that the subs might have come from countries outside the Warsaw Pact bloc?

"No, nothing indicated that."

When the Submarine Commission's report was published, it was said that all the documents had been made available. Only military secrets had been omitted.

In the report, the commission said that none of the investigations that had been made in Harsfjarden could directly link one particular nation to the violations, although there were many indications that the submarines were Soviet in origin.

Why were the recently disclosed measurements that obviously point to the Soviet Union withheld?

"There were compelling reasons why we did not talk about everything we knew," said Bertil Lagerwall. "But now we can release this, partly because some politicians doubted that we had given sufficient proof."

Lagerwall would not identify the doubting politicians. He professed not to know if they were found in government circles.

Prior to that, Defense Minister Sven Andersson was chairman of the government's Submarine Commission. He had a hard time explaining clearly why the information on the U-137 measurements was not included in the report.

"It was included," he told DAGENS NYHETER. "We even had a drawing that showed the keel imprint in Harsfjarden."

But there was nothing about the imprint corresponding exactly to the measurements of the U-137.

Sven Andersson: "It is possible that we did not assign it much importance."

Proof

But wasn't that one of the strongest pieces of evidence that the submarine in Harsfjarden was a Soviet one?

Andersson: "Yes, one of the strongest pieces of evidence."

Then why wasn't one of the strongest pieces of evidence published in the report?

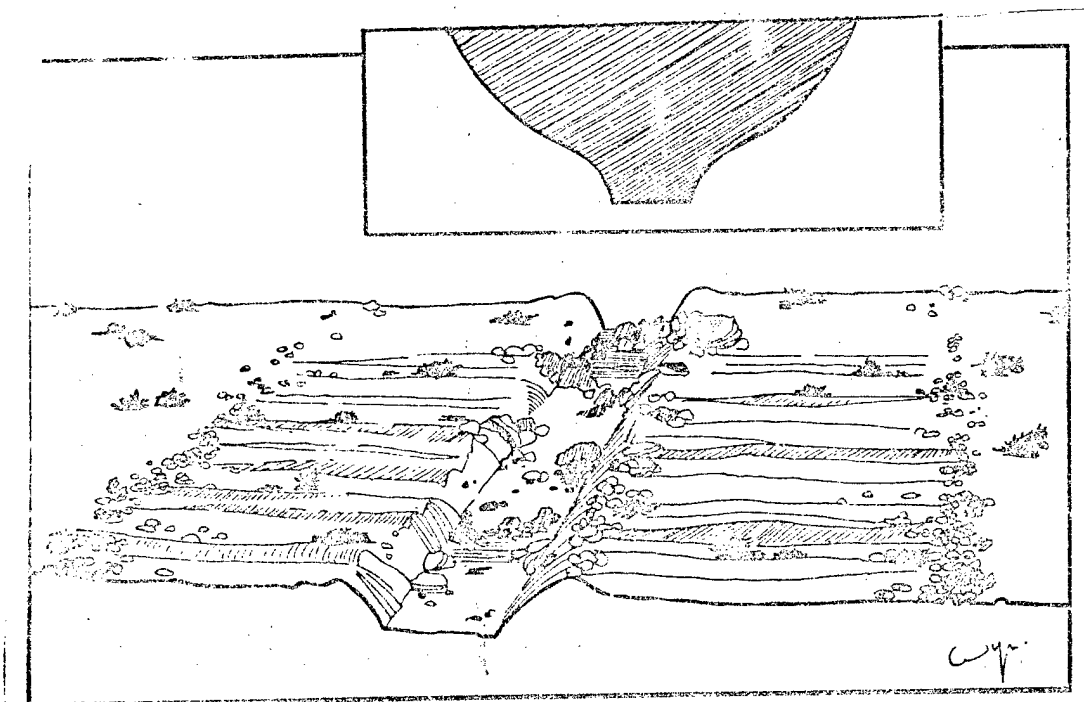
Andersson: "We did publish it. We even had a drawing."

But nothing was written about the measurements corresponding to those of the U-137.

Andersson: "No, but I must have said that at the press conference. For us the most important thing was that the sub had a keel; only the Whiskey subs have keels."

Nothing was said about the U-137 measurements at the press conference.

Andersson: "Well, no. It is possible that the military did not want it to come out that they had measured the U-137. Maybe they wanted to keep it secret. I have no recollection that we discussed it in the commission."



This drawing in the Submarine Commission's report shows the keel imprint that was obtained in Harsfjarden. Now the Defense Staff has revealed that it corresponds to the centimeter with measurements of the U-137 that ran aground in Blekinge in 1981.

FORCES COMMANDER LJUNG SUBMITS BUDGET PROPOSAL FOR 1984/85

Stockholm DAGENS NYHETER in Swedish 28 Sep 83 p 6

[Article by Sven Svensson]

[Text] Big new steps must be taken with respect to the peacetime organization of the defense forces in order to save money. That is the burden of the defense program plan OB [Commander in Chief] Lennart Ljung handed the government on Tuesday. On 1 December the OB has to come up with new proposals for disbanding defense units.

There is a shortfall of 4 billion kronor for the air force over the next few years and the OB has not been able to solve that problem. Air Force chief Sven-Olof Olson must submit a detailed organization plan for the air force by 1 November which includes scrapping three F-10 Draken divisions in Angelholm, among other things.

In the 1972 Defense Act, there were proposals from the so-called death squad on the dissolution of various units. Several of these disbanding operations, which were largely planned for sometime in 1984 and 1985, will take place earlier than that.

But that will not be enough. There will be new proposals to disband units. Among those being considered are I-3 in Orebro, which squeaked through last time with a call for help, F-10 in Angelholm and the Bergslagen military district in Karlstad. Other units could also be considered. Due to the defense orientation, units in the north and south must be retained and therefore this will primarily affect units in central Sweden.

High Dollar Exchange Rate

One reason why even more peacetime units must be disbanded is that the reduction of personnel within the armed forces has gone more slowly than anticipated. This is especially true of civilian employees who have not sought new jobs.

The military personnel declined by around 400 people to 17,800 but the civilian personnel increased by 500 to a level of around 24,000.

The high exchange rate of the dollar, the Swedish devaluation and the increase in the value-added tax have caused the air force to have a shortage of 4 billion kronor over the next few years. Swedish Air Force chief Sven-Olof Olson must therefore come up with a proposal by 1 November as to how the air force organization will look in the future. Thus the message of the OB plan is that the major defense problem remains unsolved.

A decision not to modernize three Draken divisions--a total of around 60 planes that can keep flying until the mid-1990's--means that the number of fighter divisions will be reduced from the current 12 to eight divisions of Viggen planes. In the choice between Viggen and JAS-Gripen, the OB did not hesitate to eliminate the Draken divisions. The OB did not rule out the possibility that even when the Draken planes are scrapped it might be necessary to cut back on the JAS project. The phasing out of the Draken plane will involve a big capital loss.

About 20 Billion

In order to implement the 1982 Defense Act, the OB feels there would have to be 20.4 billion kronor in appropriations for the 1984/85 fiscal year, figured in currency rates for February 1983.

The increase would amount to 1.5 billion kronor compared to the current year, which would be a lot for the Social Democratic government to come up with.

Of that increase, the air force needs 900 million per year, the army needs 350 million, the navy 150 million and the operative leadership 100 million.

For the period 1984-87--the remainder of the period covered by the 5-year Defense Act--a total of 4.5 billion kronor in increased funding would be needed for the OB to feel that the 1982 Defense Act could be implemented. The biggest shortage has arisen because of the high exchange rate of the dollar and the Swedish devaluation. The OB feels that 3 billion kronor in deficits are due to the changes in the exchange rate, something over which he has no control.

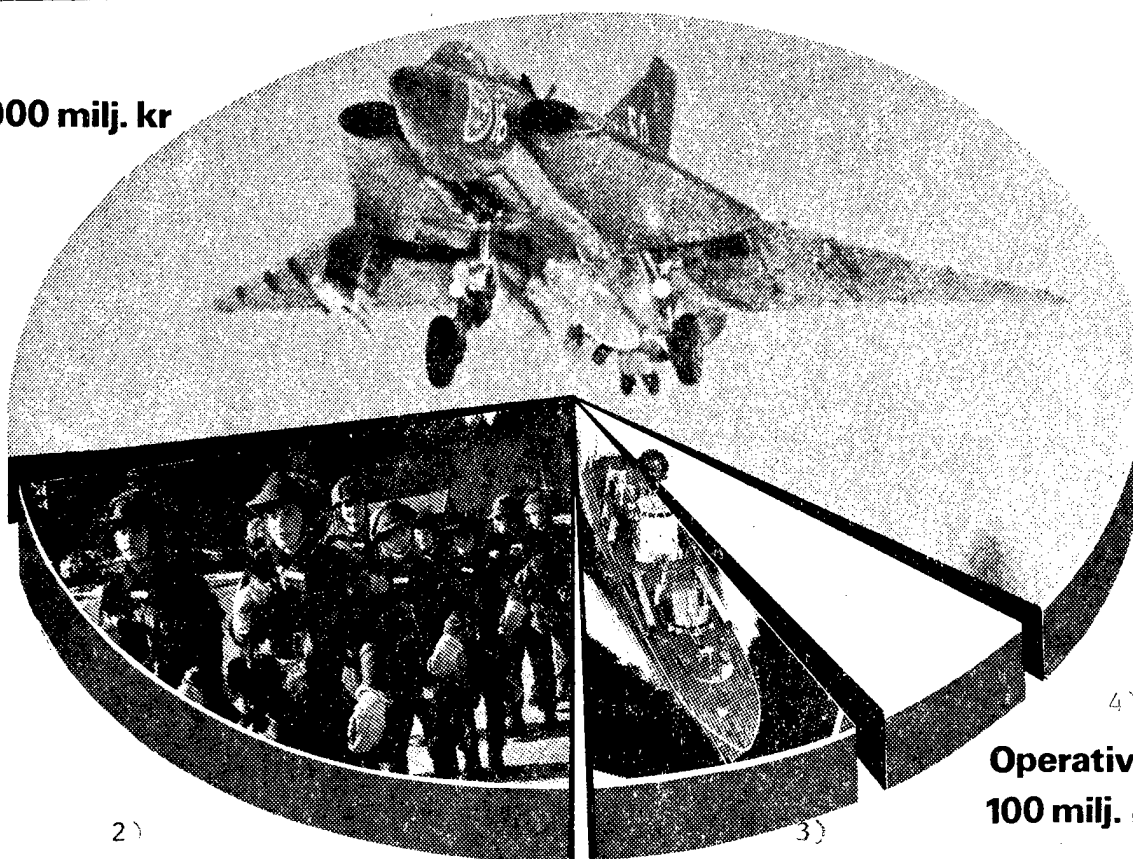
Shortfall Too Large

The air force "debt" of 4 billion is too large to be able to keep it rolling for a while, in the view of General Lars B. Persson. Therefore a decision on the future organization of the air force has been requested by around the end of the year. That is why the chief of the air force has been told to present a complete plan for the organization of the air force by 1 November.

In their plans both the army and the navy have been able to arrive at a good economic balance. The army is postponing many weapons orders and preparing for many changes in the military organization.

Så vill ÖB täcka bristen

1) **Flyget 900 milj. kr**



2) **Armén 350 milj. kr**

3) **Marinen 150 milj. kr**

4) **Operativ ledning
100 milj. kr**

Teckning: RUNE ALMQVIST

How the Commander in Chief Wants to Cover the Shortfall

For the 1984/85 fiscal year, Commander in Chief Lennart Ljung wants an extra appropriation of 1.4 billion kronor to cover the shortfall that has arisen due among other things to the high rate of the dollar and the Swedish devaluation. Around 900 million will go to the air force, 350 million to the army, 150 million to the navy and 100 million to operative administration.

Key:

1. Air force, 900 million kr.
2. Army, 350 million kr.

3. Navy, 150 million kr.
4. Operative administration, 100 million kr.

The navy is making some changes in training and has already proposed changes in its peacetime organization in the Goteborg area. The wartime organization on the coasts of western and northern Norway will also be affected.

New Mines

The OB has also estimated what the various cuts will mean for the engineering industry. Orders worth a total of 850 million kronor will be cut. This is estimated to correspond to 1,750 jobs to which must be added the indirect effects on employment which should be just as great.

The construction sector will also be affected due to reduced orders to the tune of 170 million. This means 375 fewer jobs and an indirect effect on 500 workers, in the opinions of the Commander in Chief.

The total increase of 1.5 billion kronor being requested by the OB for the next fiscal year would be used by the army for more tanks, by the navy for increased training and new mines and by the air force for preserving the Draken system.

The Commander in Chief feels that the security policy consequences of the cuts that will result primarily from the changes in the exchange rate will be so extensive and so serious that they are unacceptable. It would produce general surprise abroad if Sweden is not prepared to meet the goals that were set up in 1982 in that year's Defense Act, according to the OB. He also expected the arms buildup around the world to be stepped up as a result of increased tension in the world.

6578

CSO: 3650/7

MDP MAKES PRE-ELECTION ECONOMIC POLICY PROMISES

Istanbul TERCUMAN in Turkish 13 Sep 83 p 8

[Article by Ceyhan Altinyelek: "Burden on Low Income Groups Will Decline"]

[Text] Ankara (TERCUMAN)--The first "campaign promise" prior to the 6 November elections has come from the Nationalist Democracy Party [MDP]. The MDP said, "The burden which the current tight money policy has placed on the private sector, low income workers and farmers will be lifted."

Disclosure of the paper clarifying the MDP program and which will form the basis of its election platform has also revealed the major outlines of this party's "campaign promises." The paper, in laying out the MDP's future economic policy, says, "The interests of holders of savings deposits will be looked after, deposit interest rates will be kept higher than the rate of inflation, deposit holders will be given a tax break on their interest income."

Criticism of 24 January

It also contains "criticisms" of the implementation [words omitted] by a panel of experts headed by Professor Ali Bozer. "As the result of certain important omissions and erroneous applications of the 24 January decisions, new malfunctions have now cropped up in different areas of the economy," reads the paper, which lists these criticisms in summary:

--Adequate improvement has not occurred in public financing and the SEE [State Economic Enterprises],

--Private-sector credit resources have not been adequately utilized owing to the tight money policy,

--The entire burden of the tight money policy has fallen upon the private sector,

--Exchange rate adjustments and the rising cost of foreign exchange have squeezed the financing shortage to the limit,

--Companies have folded a result of the financing squeeze and high credit interest,

--A crisis was created on the brokerage market, and banks fell into difficulty,

--Workers, civil servants, retirees and low income groups have suffered reduced purchasing power,

--Base prices were kept low, and payments to farmers were delayed.

Errors to Be Corrected

The working program says that "the MDP will correct the errors in the 24 January economic decisions and, moreover, will eliminate the problems arising out of the erroneous and deficient practices to date" and contains the following information as regards the party's future money, credit and interest policy:

"We will coordinate monetary and fiscal policies and apply them simultaneously and consistently to ensure rapid, steady economic development, control of inflation and price stability, reduction of foreign payments deficits, rectification of income distribution and the welfare of society which constitute our basic goals. We will ensure, as the basic goal of the sound monetary policy we will apply, that the rate of increase in the money and credit supply remains within non-inflationary limits appropriate to the needs of the economy. To accomplish this, we will bring under control the practices which tend to raise the money and credit supply, including primarily the SEE deficits and financing requirements."

Policy Options

The "policy options" supporting this goal are listed in the working program as follows:

--The interests of holders of savings deposits will be looked after, deposit interest rates will be kept higher than the rate of inflation, deposit holders will be given a tax break on their interest income,

--The necessary changes will be made in the regulations, including stock market regulations, governing the securities market, and the market will be revived,

--Tax incentives will be offered to encourage the sale of stocks and bonds

Economic Measures

The "economic measures" which the MDP will take according to the program are listed as:

--Investment, development, exportation and specialty banking will be developed,

--Within overall bank credits, low-interest long- and medium-term investment credits for which incentives are offered will be increased,

--The Central Bank will be structured to enable it to categorize production and investment credits by sectors. The goal will be to issue Central Bank credits within a pre-arranged plan. Sudden movements on the credit market will be avoided,

--The convertibility of Turkish currency will be a goal, and priority will be given practices to make this possible,

--The Law on Protecting the Value of Turkish Currency and all exchange-rate and foreign-exchange regulations will be reviewed, and the provisions which abuse the people will be revised.

8349

CSO: 3554/426

BUDGET BILL ENVISAGES SPENDING INCREASE FOR 1984

Istanbul MILLIYET in Turkish 13 Sep 83 p 4

[Text] Ankara, Special--Finance Ministry preparations are nearing an end on the consolidated budget bill for fiscal year 1984 which is to be submitted to the Council of Ministers this month following review by the Supreme Economic Council.

According to information obtained, the 1984 consolidated budget will be one-fifth higher than the 1983 budget. The 1984 budget may be committed to 3.3 trillion liras, a 21.1-percent increase over the 1983 budget of 2.6 trillion liras.

Investment appropriations in the 1984 budget are more than one-fourth higher than in 1983, according to information obtained from the Finance Ministry. While 554.9 billion liras were allocated to investment spending in the 1983 budget, this amount was raised 26.1 percent in 1984 to 750 billion liras.

The most important difference between the 1984 budget and budgets of past years is the appropriation of 40 billion liras for building the Ataturk Dam, described as the Republic's biggest contract ever and for which bids were submitted on 26 August 1983. The deadline for deciding which of the six bidding firms and groups of firms is to build the dam is 26 September 1983 and, thus, construction of the Ataturk Dam could begin immediately without the building firm's having to worry about "funding difficulties," as the appropriations have been budgeted.

However, authorities say that these appropriations will be used for the completion of projects which have already been begun. The completion of started investments instead of new investment projects is seen as a preventive measure against mounting "inflationary pressures."

[The budget] endorses the principle of keeping the pay increase for public-sector employees equivalent to the "1,500 liras plus 20 percent" which the Supreme Arbitration Council announced for labor wages. In other words, civil servants will receive a pay increase of 20 percent of their salaries plus 1,500 liras. Ministry officials said this method would prevent further widening of the pay gap between upper grade and lower grade civil servants.

Meanwhile, the 1984 budget is reportedly being prepared with a growth-rate goal of 5 percent. The budget bill also envisages 6.8 billion liras in exports and 11 billion liras in imports.

INVESTMENT FIELDS DETAILED FOR F-16 MARKET

Istanbul CUMHURİYET in Turkish 21 Sep 83 pp 1,11

[Text] Ankara. The investment fields that will be entered by the manufacturers of the F-16 aircraft have been determined. The manufacturers of the aircraft (General Dynamics, United Technologies and Pratt Whitney) are to make certain investments in Turkey for the purpose of financing the F-16 project. A draft proposal concerning the co-production of the aircraft has been sent to the Congress of the United States. This proposal gives a fully detailed account of these investments which are to be made in fields such as copper production, cobalt production, hostelry and electronics. The most important aspect of the project stipulates the development of copper resources which are considered to be Turkey's undeveloped mineral reserves. The development of these reserves in areas to be determined by the manufacturers in question is to be achieved through a 250 million dollar investment. These funds are to be provided by the manufacturers and are to be utilized for the purpose of increasing copper production. The copper reserves that are to be exploited are located in the regions of Demirkoy, Kuru, Trabzon, Cayeli, Murgul, Ergani and Siirt. The reserves at Cayeli which have been determined to be the richest have been reassessed by the aircraft manufacturers and will receive separate emphasis. Soundings conducted by the companies indicate the existence of 20 to 30 million tons of mineral reserves in these fields. In accordance with Law 6224 governing foreign investment and other regulatory memoranda issued in supplement to this law in 1980, foreign companies will be responsible for 49 percent of the amount to be invested. In contrast, Turkish companies investing in the project present a diverse picture. Etibank which is an organization that is within the public sector will be responsible for 41 percent of the amount to be invested while GAMO which is a construction company will be responsible for 5 percent and Demir Export which is a Koc Holding Company in the field of mineral resources will have a share of 5 percent. While it has been determined that the foreign owned Phelps-Dodge

company will definitely participate in the project, it appears that precise figures denoting the extent of participation by Turkish companies will be established at a later date.

It is evident that the extraction of cobalt which is a derivative of copper plays as important a role within the project as the development of copper reserves. Currently, cobalt is used as a critical resource in the field of aircraft production and Etibank will be involved in a 10 million dollar joint venture for the development of this resource. It has become clear that this project will result in the extraction of 2000 tons of cobalt but that the production of the metal will take place outside Turkey. The proposal presented to Congress indicates that the technical aspects of this matter have not been treated in detail and that a future feasibility study will provide further clarification. The protection of Turkish interests in the field of cobalt production will be achieved by setting the price of exported Turkish cobalt in accordance with world prices for this metal. It has also been learned that the marketing of the metal will be achieved through the International Trading Investment Company. This company will be established in Switzerland by the three aircraft manufacturers.

It is also evident that the project places special emphasis on tourism which since 1950 has often been mentioned as "an industry without smokestacks". It has been announced that a hotel chain with a lodging capacity of 1000 will be established in the phase devoted to the development of this industry. The Sheraton Company and the Hilton Company which already have investments in Turkey will be instrumental in making the necessary investments. It has also been announced that the Marriott company which currently does not have any investments in Turkey will be included in this project. According to unofficial sources, the 1000 bed capacity of the new chain is merely an initial target and that the foreign companies will enlarge this capacity if profitability can be achieved. Company officials that we contacted in connection with this matter have said that they were hoping and trying for the best. The hotel chain in question will be established in the Adana, Marmaris, Antalya, Izmir, Istanbul, Ankara, Kas and Bodrum regions respectively. It has been determined that a portion of the tourism related investments will be used in the construction of hotels while another portion will go towards the construction of resort villages. The total amount of money that is to be invested in this sector has been set at 50 million dollars.

A telecommunication project also occupies a prominent place among the investments planned in connection with the F-16 project.

It has been learned that the ITT company which enjoys a world-wide reputation in this field has been approached as a future partner and that a "firm promise" has been obtained. According to information obtained from the draft project this sector is the only one for which a definite figure has been assigned to enumerate the number of new jobs that will be created. An estimated 1000 new jobs will be created through this project which involves the construction of 200,000 new telecommunication lines. While ITT will be responsible for one third of the amount to be invested in connection with this project the remaining share of the investment will be assumed by the Post, Telephone and Telegraph Administration and a Turkish company which is to be selected at a later date.

Oaks Schwarzerberger who has been in Ankara as a representative of the General Dynamics Company in connection with the F-16 project declined to answer questions asked by a Cumhuriyet reporter and said that he had not been authorized to make any statements. Meanwhile, a short and unrevealing announcement made at the company's headquarters in St. Louis described the investment and joint cooperation project as follows: "The General Dynamics Company is making a broad contribution to the realization of the project in question. This contribution involves widespread joint investment with Turkish industry as well as the creation of vast employment opportunities for the Turkish population through cost offset programs. In addition the project will establish a foundation that will provide export opportunities for Turkish companies over many years."

9491
CSO: 3554/11

CONTRACTORS ON CONSTRUCTION, MARKET OPPORTUNITIES ABROAD

Istanbul DUNYA in Turkish 21 Sep 83 p 3

[Text] It has been announced that the total value of the contracts obtained by the foreign construction sector has exceeded 15 billion dollars. According to information obtained from related sources by a reporter from the Turkish News Agency, a target figure of 20 billion dollars had been set early this year in connection with contracts for the year 1983. Hayri Erisen who is the group coordinator for Kutlutas Holding has stated that the projected figure of 20 billion dollars is much too high and that the total value of contracts currently stand at 11 to 12 billion dollars. It has been announced that Turkish contractors obtained 9 billion dollars worth of foreign contracts in 1981 and 13 billion dollars worth of such contracts in 1982.

Ercument Kilicbay who is a member of the Steering Council of the Union of Constructors has stated that the foreign construction sector faces a problem of equipment and supplies that must be resolved as soon as possible. Kilicbay said that construction equipment is being purchased from foreign countries because such equipment is more reliable and less expensive. Kilicbay stated that constructors have chosen this option because Turkey does not have a well developed industry in the field of construction machinery. Kilicbay said: "If Turkish made materials are to be used in construction projects, it is necessary that project engineering firms become involved in construction projects at the design stage. While this would make possible the utilization of Turkish materials in construction projects, the current situation is forcing us towards the purchase of materials manufactured in foreign countries. The matter of quality control constitutes another important problem. Some of the construction materials obtained from Turkey conform to established standards but differ broadly in terms of quality. This puts the constructor in a difficult situation."

A number of officials from construction companies doing business abroad have expressed their views to the reporter from the Turkish News Agency. The officials said that it would take some time for Turkish companies to expand into foreign markets in countries beyond the Middle East and North Africa. Hayri Erisen said that high level contacts with Far Eastern nations have given rise to the possibility of a new market in those countries. Erisen stated that while Turkish companies have been doing business in foreign countries for the past 10 years, it is only over the last three or four years that these ties have become significant. Indicating that there are some companies with ties in Far Eastern countries Erisen said: "In fact, the Far East is geographically very distant from Turkey. Moreover, the entry of the construction companies into this market will require at least three or four years of additional experience. Turkey could also direct itself towards Central and Southern Africa. I believe that work opportunities will be found in these areas."

Ercument Kilicbay stated that the potential success of Turkey in the Far Eastern market must be gauged against the reality that Turkey would be competing against Japan and South Korea. Kilicbay said that the steps that are to be taken by Turkey in expanding towards foreign markets should not be awaited from the private sector alone and that the government should also provide leadership in this area. Kilicbay continued: "Turkey is a country that has only recently begun to expand towards foreign markets and this expansion has been spearheaded by construction companies. Nevertheless it would not be correct to expect that all efforts towards penetrating foreign markets should be undertaken by the private sector. A more favorable situation is created when the move towards such markets is undertaken on the basis of government initiative. Such initiatives would make it possible to shorten the period of time that would be required for Turkey to enter into markets beyond Middle Eastern countries. I also believe that we will be able to do business in Iran when the war between that country and Irak comes to an end."

9491
CSO: 3554/11

CONSUMPTION EXPENDITURES CONTINUE REGISTERING INCREASE

Istanbul DUNYA in Turkish. 1 Oct 83 p 1

[Text] Due to the failure to bring about the planned contraction in consumption, the share of consumption expenditures in the gross national product has risen above even that of the previous year. According to the computations of the State Planning Organisation, TL 9.2 trillion, that is, 82.3% of the gross national product (TL 11.1 trillion in current prices) went into consumption expenditures.

In the 1983 economic program, it was planned to lower the share of consumption expenditures in the GNP to 79.3% and its share in total resources to 78.6%. The aim was to increase the share of savings and, consequently, of investments. However, when the rate of development failed to reach its target and, consequently, per capita income did not show the expected increase, the result was a rise in consumption expenditures above the estimates.

Apart from the failure to bring about the planned reduction in consumption, the share of consumption expenditures in the GNP has risen above even that of the previous year. While in 1982, in current prices, 81.8% of the GNP went into consumption, in 1983, this figure went up to 82.3%. Consumption which was 80.1% of total resources in 1982, reached 80.5% in 1983.

Despite the failure in reducing the share of consumption in 1983, the same goal is reaffirmed in the 1984 program. It is envisioned that the share of consumption in total resources will come down to 80.2% and its share in the GNP will be reduced to 81.5%.

Due to the failure in reducing the share of total consumption expenditures in resource use, the expected fall in consumption did not materialize (with the exception of the first year following the 24 January decisions). As consumption expenditures increased above the estimates in 1981, 1982 and 1983, the ratio of consumption to production in 1982 and 1983 went above the level prevailing before the 1980 decisions. In 1979, 80% of the GNP went into consumption. However, during the last two years, that figure went above 80%. The target for 1984 is also above 80%.

Meanwhile, increases were observed in the share of private consumption in total consumption expenditures. The share of private sector in total consumption expenditures fell from 85.3% in 1979 to 84.5% in 1980. This figure went up to 86.6% in 1981, 86.8% in 1982 and 87.4% in 1983. The increase in the share of private sector in consumption expenditures was influenced by the growth in the ratio of private disposable income to total disposable income. As a result of the increase in the share of the private sector in production, its overall weight in the economy and hence its share in consumption recorded a rise.

12466
CSO: 3554/33

PRIVATE SECTOR RECEIPT OF MAJOR INCENTIVE ADVANTAGE

Istanbul DUNYA in Turkish 1 Oct 83 pp 1,7

[Text] The diverse investments initiated by the private sector since the New Year have been granted exemption from customs tax and offered investment rebates and tax exemptions totalling TL 181 billion (as potential incentive premium). Tax revenue foregone by the state in providing investment incentives is calculated as TL 84 billion 140 million.

According to data received from public sources, in the first seven-month period of 1983, tax revenue foregone by the state with regard to export-oriented private sector investment could be broken down into: income or corporation tax (TL 23 billion 794 million) and customs tax (TL 60 billion 336 million). Meanwhile, medium and long-term credits totalling TL 61 billion 269 million were exempted from tax and other duties, within the framework of incentives.

In the context of these measures, the SPO Incentives and Implementation Section has included the capital investments in agriculture, mining, manufacturing, energy, services and export-oriented industries totalling TL 104 billion 114 million between January and July, within the scope of deductions. Deductions to the order of 60% were granted to projects almost all of which are to be located in developed regions. After deducting TL 44 billion (which is the total nominal capital), TL 59 billion 485 million worth of investment will be exempted from income and corporation taxes after the start of production. Considering the tax bracket, this TL 59 billion 485 million would have generated TL 23 billion 794 million worth of tax unless exempted, which means that this latter amount will be left to the discretion of the investors.

Similarly, TL 60 billion 336 million worth of customs tax exemption is granted for importing those investment goods which are not produced domestically. The exemption also applies to imports which are related to projects that were included in the list of incentives during the previous quarter of this year and which have hitherto been subject to customs tax. Along with this \$422 million 644 thousand (FOB) worth of imports, the customs tax exemptions of the main sectors have been determined as follows:

Agriculture - TL 2 billion 914 million; Mining - TL 5 billion 732 million; Manufacturing - TL 32 billion 638 million; Services - TL 18 billion 526 million; Energy - TL 68 billion; export-oriented investment projects within the scope of incentives - TL 458 million.

While the amount of credit (within the scope of tax and duties exemptions which were designed to lower the cost of credit in export-oriented investments), has reached TL 61 billion 269 million during the first seven months, export guarantees issued by firms (within the scope of these exemptions) for a period of five years have reached a total of \$13 million 706 thousand.

12466

CSO: 3554/33

ACADEMIC JUDGES 'SEE LAW' AS INADEQUATE REFORM

Istanbul DUNYA in Turkish 1 Oct 83 p 3

[Text] Prof. Dr. Dunder Saglam (former faculty member at Gazi University and auditing member of the Board at Erdemir) said: "It is impossible to solve our economic development problem unless the SEEs (state economic enterprises) are turned into productive and rationalised units."

Prof. Saglam, speaking at the "Productivity and Development Symposium," stressed that the SEEs are the pillars of the Turkish economy, and that the SEEs cannot be abstracted out of the economic, political and social conditions of Turkey.

Saglam, recalling that the studies concerned with the reorganization of the State Economic Enterprises and similar establishments go back a long way, pointed out that the studies which began in 1960 acquired a new framework when Bill 440 became operational in 1964.

Despite the 19 years that passed since then, the fact that the founding charters of the SEEs had not been issued meant that the SEEs had a difficult time adjusting to the new law. Saglam added: "With Bill 440 the investment and financing system of the SEEs was centralized. The control of the SPO and the Finance Ministry over the SEEs has increased with the result that the SEEs were forced into investments far beyond their capacities which, in turn, caused disruptions in regular production."

Reorganization at the SEEs

Prof. Dr. Dunder Saglam pointed out that the studies concerning the reorganization of the SEEs have acquired a new dimension with the Governmental Directive No. 60 which became operational on 20 May 1983. He continued:

"A new form of organisation, called Public Economic Organisation and limited partnership is established which differs from Bill 440. The reason behind the creation of a new organisational form is not easily discerned from an examination of the new bill, considering that the newly created Public Economic Organisations are almost the same as the State Economic Enterprises vis-à-vis their administration and organisation.

Moreover, the exclusion of the worker-member from the Board, counter to the practice stipulated by Bill 440, was a mistake from the viewpoint of the Board's independence. It is known that the worker-member plays a positive role on the Board and protects the autonomy of the organisation against arbitrary policies."

Pointing out how mistaken it would be to expect immediate improvements in the SEEs as a result of a few legal changes, Saglam said:

"It is therefore about time that we direct our focus to the insides of those organisations. The developments in international markets and the technological innovations provoked by the energy crisis produced a situation whereby administrative mistakes are punished more quickly and more severely.

As in almost every other matter, our fundamental shortcoming is an absence of trust in people, not giving them the power and responsibility. Our habit of trying to resolve issues through legal means, giving with one hand and taking with the other, and administering from high places are not suited to the rapidly changing world conditions.

When we look at Bill 440 and the Governmental Directive No. 60 we clearly see the extent to which the SEEs have been restricted with regard to their initiative and flexibility in decision-making.

I am of the opinion that we ought to suspect whether those organisations whose investments are determined by the SPO, their prices by the government and organisational charts by the Finance Ministry really are production units after all."

12466
CSO: 3554/33

ACADEMIC CHARGES MONOPOLY CONTROL OF DOMESTIC MARKET

Istanbul MILLI GAZETE in Turkish 21 Sep 83 pp 1-9

[Text] Professor Oguz Cataloglu has claimed that 85 percent of the Turkish domestic market is controlled by monopolies. He said: "Because monopolies are able to market products at any price they wish, they are effective in reducing demand or preventing price increases."

Dr. Cataloglu is a faculty member at the Faculty of Economic and Managerial Sciences which is a part of Nine September University. In research pertaining to this subject, Cataloglu notes that production increases would be helpful in reducing prices. He said: "Increasing production is the best way to reduce production costs. It is only in this manner that a contribution can be made to the effort to develop the economy." According to Cataloglu's study, 69 percent of Turkey's food industry, 77 percent of the textile, leather and clothing industry as well as 90 percent of the non metallic products industry and 91 percent of the metallic products industry is controlled by large corporations.

9491

CSO: 3554/10

OYMAN ON SOCIAL PROBLEM OF YOUTH RETURNING FROM FRG

Istanbul MILLIYET in Turkish 21 Sep 83 p 7

[Text] The name of the man who is standing in line is Yusuf Koyuncuoglu. He says: "Fifteen years ago we were standing in line in front of the Employment and Labor Association at Tophane. We wanted to get jobs in Germany. Now, fifteen years later we stand in line in front of high schools. This time we are seeking educational opportunities for our children." The man's words represent the harebringer of a new problem for already troubled Turkey. This problem may be defined as the educational issue that is raised by our youngsters who we describe as "the second generation" and who are beginning to return from Germany. It is expected that over one hundred thousand worker families will return to Turkey this year. The law that will provide incentives for their return will go into effect in October. While a return bonus of 10,500 marks does not provide much of an incentive, the possibility of recovering retirement withholdings may constitute a strong incentive for workers who have spent ten years in Germany. In particular, if we take into consideration the "Law on Foreigners" and the psychological pressure of an ever increasing animosity towards foreigners, it is possible that the ranks of returning workers will swell by another one hundred thousand in the years to come.

Are we prepared ? If you ask our bureaucrats who shudder at the word "return" we are not. We lose sleep over the economic dimensions of the word "return". First of all, we have become used to balancing our foreign currency deficit on the backs of our workers in foreign lands. It is a fact that our foreign currency earnings from workers in foreign countries exceeds the foreign currency that we obtain from all international organizations in the form of aid, credit or loans. For many years, foreign currency earnings from workers in foreign countries have even exceeded revenues from exports and tourism.

The second problem is the problem of unemployment which has its

roots in Turkey's economic structure. The return of the workers is inevitably a nightmare for a country such as Turkey which has the highest rate of unemployment among OECD nations. Nevertheless the dilemma of providing education for half a million youngsters constitutes yet another social problem. We are dealing with a generation that contrary to Turkish perceptions is in fact underprivileged. Our children in Europe give the appearance of being bilingual and bicultural. In fact they are about to become a generation that lacks culture as well as linguistic competence. They constitute a generation that is caught between two separate cultures and two different worlds. Every evening, this generation goes home to a family that lives an Anatolian life while every morning it returns to a school that represents the German way of life.

According to statistics, there are more than half a million school aged children who are of Turkish origin and who live in Germany. Close to 80 percent of these children attend primary school. However, this rate drops sharply at the junior high and high school levels. For instance, the rate of those who attend high school stands at about one percent. One of the greatest problems currently facing the German economy is that the young are unable to obtain employment or vocational training. Consequently the streets become the only outlet for second generation Turks.

What should parents do ? They can send their children to Turkey so that they will at least not forget their native language. Now that some of the workers are recovering their retirement benefits and returning to Turkey, those who stood in line to obtain work in Germany have been replaced by those who stand in line in front of highschools that conduct their teaching in German. While the number of Turkish high schools that conduct their teaching in English has increased over the past few years, for some reason there is only a handful of schools providing education in German. The quotas set aside for the children of returning workers by schools such as the Istanbul Boys High School, the German High School and the Austrian High School are ridiculously small. These quotas consist only of 40 or 50 student slots. In 1978, a high school with a German curriculum was opened in Izmir. The purpose of this school was to facilitate the adaptation of the children of returning workers. There were more than ten thousand applications by prospective students whose parents were for the large part wealthy residents of Izmir who wanted to provide their children with education in a foreign language. Once again, only a token number of slots were provided for the children of our workers in foreign countries.

In contrast new private schools providing instruction in German

and with yearly tuition fees approaching 200,000 liras have begun to appear in Izmir and Istanbul. Now, those who are returning to Turkey are trying to enroll in these schools. Yet the government should feel morally let alone financially indebted towards the working masses overseas. It is a fact that over the past 15 years our oil imports, our foreign debts and our loan payments were paid through the labor provided by these people. At times when the treasury was in need of 70 cents and at times it took the Central Bank two years to complete a foreign currency transaction the cost of our imports was being met through the foreign currency earnings provided by these workers. The Germans may look at them as a supply of labor and we may look at them as a supply of foreign currency. However, we should also remember that they are people. If we do not wish to create another army consisting of young people without linguistic or cultural skills, we should begin to look for ways to save this new generation.

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FRENCH INSTITUTES, FACILITIES EXPERIMENT WITH COAL CONVERSION

Paris INDUSTRIES ET TECHNIQUES in French 10 May 83 pp 92-94

[Article by Jean Nenin: "A Petrochemical Industry Without Oil"]

[Text] A substitute natural gas, liquid fuels, ethylene, etc from coal and hydrogen! Reinstall a coal-burning stove in one's office or apartment, or install a gas generator in every vehicle? No, that is not the meaning of the strong comeback of coal. This revolution--for it is a revolution--is based on the processing of coal to obtain not only fuels, liquid or gaseous, but also chemical products. The world's largest industrial groups are now seriously studying its many developmental possibilities.

France is not absent from this arena, and two pilot installations working in relay--one at the CERCHAR [Center for Studies and Research on French Coal Mines] at Verneuil-en-Halatte, and the other at the IFP [French Petroleum Institute] at Reuil-Malmaison--are demonstrating the feasibility of constructing an authentic petrochemical complex, without oil, but based instead on coal and hydrogen. Of course, hydrogen is necessary, but it can be obtained by the gasification of coal in a high-temperature reactor or by electrolysis of water using electric current during off-peak hours.

Liquid Phase-Hydrogenation

The GECH [Study Group on Coal Conversion by Hydrogenation], formed in 1980, is made up of four partners: CDF [French Coal Board] represented by the CERCHAR, IFP and the CNRS [National Center for Scientific Research]. Its function is to coordinate the studies, which are conducted on the basis of dividing up the individual tasks among its members. The CERCHAR performs the first stage of liquefaction of the coal, the IFP studies the conversion of these coal "liquids," and the CNRS researches the most effective and least costly catalyzers. To give an idea of the variety of approaches, suffice it to cite the simplest one (the burning of pulverized coal in thermal power plants) and one of the most venturesome: The Germano-Belgian project consisting of underground gasification by the injection of steam and air into a coal deposit at Thulin, near Mons, extracting from it a gaseous fuel as if it were natural gas.

The CERCHAR's pilot installation presently processes coal of the long-flaming type from the Lorraine Freyming deposit. The process used is a liquid-phase hydrogenation in the presence of a catalyzer. The coal, granulated at 200-mesh (particles smaller than 80 microns), is mixed for 1/2 hour with a slurring solvent, an entirely recycled oil (1/3 coal, 2/3 oil) and the catalyzer. Two gear pumps provide forced circulation of the mixture, 30 percent of which is solid particles, in the mixer. The mixture is first forced by a high-pressure pump into a preheater, consisting of a tube 1 cm in diameter and 6 meters long, and heated by the Joule effect. Hydrogen is then injected into it. Since this is a pilot installation, the hydrogen is merely supplied from tanks. At this point in the process, the entire mixture is at a pressure of 220 bars and a temperature of 400°C. The mixture then passes into a reactor, whose capacity is 10 cubic decameters, where hydrogenation takes place at 450-460°C. This operation furnishes an extremely broad gamut of products: An excess of hydrogen (to prevent coking), methane, ethane, etc; water; non-carbon compounds (H_2S , NH_3 , HCl ,...); light, medium and heavy organic liquids of nondistillable elements such as coal tars; nonhydrogenated coal; mineral substances; and the catalyzer. The second part of the installation is an array of separators. For example, a hot separator recovers solid or liquid condensed products, while a cold separator eliminates the water and light liquids from the gaseous flow. Purifiers separate the gases before their discharge into the atmosphere (in an industrial installation, the methane, ethane, etc would be recovered).

Low-Cost Catalyzers

A batch-processing distillation system recycles the slurring solvent and collects the hydrogenated products that are to be sent to the IFP.

The catalyzer used may be nickel and molybdenum mixed with alumina. It has the disadvantage of being costly. Catalyzers based on finely divided iron oxide, which are much cheaper, have also been studied at the CNRS's CRC [Catalysis Research Center] at Villeurbanne. These are prepared by precipitation of a solution, followed by drying by pulverization (particles smaller than 10 microns), or by decomposition of a volatile precursor (iron chloride) in the flame of a burner. Studies are being carried out on the role of certain doping substances on the catalytic action of iron.

Using distillates obtained at the CERCHAR, the IFP has studied two methods (catalytic and thermal) of converting them into substitute natural gas [SNG], automotive fuel and petrochemical cuts. In the first of these methods, a catalytic hydrotreating of the heavier cut eliminates to the maximum the asphaltenes, the metals, the sulfur, the oxygen and, in part, the nitrogen. The cut, mixed with a medium distillate, is subjected to a hydroprocessing that yields a light cut of the naphtha type and a cut of the medium distillate type which, by hydrocracking, yields still another naphtha-type cut. Mixing the different naphtha types produces a substance that can be transformed into a high-grade 97-octane automotive fuel by catalytic dehydrogenation in the presence of a catalyzer with low sensitivity to nitrogen.

From Distillates to SNG

Similarly, the catalytic hydrogenolysis of this naphtha yields directly a gas consisting essentially of methane and containing less than 10 percent (by volume) of hydrogen. However, if the aim is to produce a large quantity of SNG in proportion to the liquid-product content, this method is handicapped by the very substantial exothermicity of the hydrogenolytic reactions. A more direct method, namely, hydropyrolysis, has been developed and a pilot installation built. It operates at a temperature of 700-800°C and a pressure of 40 to 100 bars, with a product resolving time of 5 to 15 seconds. In addition to gaseous hydrocarbons (methane and ethane), it yields a substantial quantity of monocyclic aromatics (BTX [benzene-toluene-xylene] cut). Depending on the cuts, the carbon fraction of the charge converted into BTX varies between 22 and 34 percent; the rest divides about equally between methane and ethane. The formation of coke is very minor (less than 0.5 percent by weight) if the partial pressure of the residual hydrogen is greater than 20 bars. The excess hydrogen can be consumed by catalytic hydrogenolysis of the ethane to obtain SNG or by the injection of naphtha. This method of conversion is particularly suited to the combined production of SNG and BTX. The ethane is extracted and converted into ethylene.

Taken all together, the system can thus be considered a petrochemical complex based on coal and coproducing a substitute natural gas.

9238

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MEASURES NEEDED TO AID GERMAN MERCHANT MARINE

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 12 Oct 83 p 14

[Article by Dr Eckart van Hoven, member of the board of governors of the Deutsche Bank AG, responsible for coastal matters: "German Shipping in a Deep Depression--A Plea for Better Operating Conditions and Against Cost Disadvantages"]

[Text] World shipping and worldwide ship building have during the last few years increasingly been dragged into the undertow of political and geostrategic interests. German shipyards were forced to close down because construction costs in Asia and in the East bloc countries are up to 40 percent cheaper. German shipping lines are struggling for survival because they are at a considerable disadvantage against their foreign competitors as a result of political manipulation. It is conceivable that German harbors will suffer additional loss of status.

1. Coincidentally with a stagnation of world trade and its decline to 1974 levels, the world's merchant fleet was greatly enlarged--since the middle of the 1970s, by about 50 percent. The oil crises were followed by a tanker shortage; world recession was followed by a drop in large volume freight shipping. World trade volume shrank and finally had its effect upon the international shipping lines which mainly operate container ships on the important intercontinental sea routes. By now, available container shipping space exceeds demand by about 25 percent--another result of worldwide shipyard capacity. This availability figure is still growing; upon delivery of all ships currently under construction, container ship excess capacity may reach up to 40 percent by the end of 1985.

2. It would be self-delusion to expect the market to overcome its troubles by itself. The reason for this is that today, more than ever before, international shipping is influenced by political interventionism. State subsidies and other propping up measures distort market relations to the point that, if this policy were to continue, the "battle of the high seas" will no longer be won by fair competition, but rather by the billions in subsidies flowing from state coffers. Thus for example Taiwanese shipping lines, which even now have a great potential, plan to more than double the size of their container fleets by 1985. This "construction fever" is fueled by the state's promotion

of shipping and enormous subsidies. Upon completion of their construction programs, the rapidly expanding Taiwanese shipping lines will have a container ship potential which will by far surpass the total capacity of the three largest German container shipping lines--the Hapag-Lloyd, Hamburg-Sued and the German Africa Line.

Additionally, the East European trading countries plan to expand the size of their container fleets during the next few years at an above-average rate. In this connection, the heavy concentration on Ro-Ro (role-on, roll-off) ships is noteworthy, since it certainly does not represent the most efficient way of moving containers across the oceans in peacetime. The East bloc's shipping policies are doubtless oriented toward the Kremlin's military strategic considerations.

3. In contrast to the expansive marketing policies of Far Eastern marginal countries and a few East bloc states, West European, Japanese and North American shipping lines which adhere to shipping conference procedures exercise extreme caution. Nevertheless, there is little hope that this "policy of economic prudence" will be successful. On the contrary, it is to be feared that this policy will sooner or later lead to failure unless it is bolstered by political measures.

East bloc competitors as well as those in those in the Far East use priorities different from those of the Western shipping lines: the former are mainly concerned with procuring hard currencies and even more, to maintain their geostrategic presence; while the others give the highest priority to job creation at all costs, thus relegating excess capacity and cost-profit problems to secondary significance.

German shippers keep noting significant examples of this effort to eliminate the competition at below-cost rates: Soviet ships for instance, having delivered arms and other materiel to Cuba, Nicaragua and El Salvador and facing an empty return trip, offered a freight rate of \$59 per ton for such high-value freight as coffee from Central America. However, the break-even cost for chartering even the least expensive ship was about \$80.

The Polish Ocean Line operates four modern container/Ro-Ro ships on its Europe-Australia route. By contrast, the shipping lines of the traditional seafaring countries Italy, France, Netherlands and the FRG operate only a total of four ships, even though these countries carry about 70 percent of commercial shipping between Europe and Australia. Here too the prices of the Polish Ocean Line are far below the actual cost of Western competitors.

International Scheduled Shipping: Distortions Caused by Competition

This political perversion of competition on the high seas leads to an increasingly severe battle of elimination; concomitantly, to a continuous and perhaps accelerating price deterioration and eventually

to the bankruptcy of traditional shipping companies, to the benefit of those trade fleets which are not bound by operational economic necessities. Added to this are one-sided freight forwarding policies in Third World countries which keep increasing and thus contribute to the elimination of competition also. In the USSR and in other East bloc states, state monopolies control the transport system. On the other hand, the OECD countries (except for the United States) are striving to establish a commonly determined liberalization code for shipping traffic which would eliminate any interference in the shipping business.

4. In view of the above, the negative effects upon German scheduled shipping operations are hardly surprising. As a result of the price war, frequently not even net operating costs are recovered--interest, writeoffs and overhead are earned in only the most exceptional cases. The major scheduled services of German shipping lines have for many years shown large and still increasing losses.

To be or not to be--for German shippers, this has for a long time no longer been a question which can be answered by reorganization and cutbacks. Mobilizing internal reserves is adequate for overcoming the crisis, no matter how important a measure it is. However, shipping is primarily a matter of capital rather than personnel. Nevertheless, we must bear in mind that that modern technical equipment of the ships requires a new configuration of crew complements; the rules which are still observed today have long been obsolete. Those who cling to them endanger many jobs in German shipping.

A new orientation for ships' crews and personnel complements requires primarily a more flexible application of rules for the purpose of further reducing personnel costs. In addition, shippers and unions should arrive at valid agreements concerning the employment of foreign workers on German flag ships.

5. According to the number of ships and tonnage, the German merchant marine has further decreased in size in the last few years. The German registry fleet consists of only 530 ships with a total tonnage of barely 7 million gross register tons; this includes 114 ships which appear on German registries, but sail under foreign flags for a specified time. An additional 217 ships with a total of 2.2 million gross register tons are listed in foreign registries but are under German management. German flag merchant marine tonnage has dropped by about one-third since 1978. Thus the FRG retains a mere 1.8 percent share of the world merchant marine; while the German economy's share of the overall world trade amounts to about 10 percent.

6. Unless there is a speedy change in policy, a large part of German shipping is heading for disaster. Owners can no longer be expected to divert capital for the salvation of "shipwrecked" shipping companies; such contributions make little sense as long as no stop is put to the international shady practices of competition and German shipping

companies are forced to steer a politically dictated course of losses due to the prevailing dumping practices of many of the competitors.

The Bonn government must decide about the maintenance of German scheduled shipping and about servicing the FRG's overseas trade routes. Time is of the essence; oratory in the Bundestag and statements by various members of the government must be followed by action. First priority would be equal opportunity for obtaining freight contracts. Political measures should be directed against dumping practices and interference in freighting procedures on the part of many states. Bonn's politicians should for this purpose quickly amend the foreign trade law, starting with making the UNCTAD procedure code for shipping line conference a line of departure, which provides for a freight distribution of 40-40-20 for shipping companies of the seller countries or receiving countries and third countries. However, this by itself will not result in extricating German shipping from its acute distress.

7. Additional consideration and measures will be required to contain the ruinous unfair competition by national or nationally subsidized merchant fleets. They could be based on measures against dumping practices as commonly used in other areas of the economy.

Preserving the FRG's Status As A Maritime Nation

For many years, FRG policy has been restricted to mere animated talk when the issue at hand was to secure or retrieve for the German economy, including its shipping, the basic conditions enabling it to compete in an increasingly politicized domain. Other nations have, by virtue of their policies, long since created new circumstances inside and outside of Europe.

The FRG government must no longer leave trade laws in the hands of others; now it must on its own initiative create the basis for making its merchant shipping competitive. The outline for a pertinent concept was already laid down by the Bundestag in December 1982 in its decision on merchant shipping policy. This decision calls for determined shipping policy--especially through increased efforts toward harmonizing competitive conditions for the German merchant marine; in addition, merchant shipping is to be supported by tax relief measures. Finally, efforts are made to update ships crew manning regulations. German shipping could in the long term do without much financial subsidization if instead basic conditions were created which would enable it to engage in operations appropriate to market conditions.

8. It is obvious that competitive shady practices in international scheduled shipping can be more effectively fought by more effective coordination, with similarly afflicted neighboring EC countries, of measures similar to those we are taking ourselves.

9. In its role as one of the world's major trading nations, the FRG needs its own merchant marine as much as it does its own aviation. For the long term it would be a great advantage to German foreign trade to have German shipping lines strongly participate in the servicing and price construction of overseas foreign trade routes.

A well-functioning German merchant marine is certainly just as indispensable for keeping the FRG supplied in times of crisis as is its existence from security, defense and foreign policy aspects.

Nor should we disregard the contribution made by the German merchant marine to the balance of payments: revenues of the German trade fleet amounted to almost DM 9.7 billion. This was diminished by expenditures for such things as harbor services in foreign countries of about DM 4.4 billion, thus leaving a positive balance of DM 5.3 billion.

10. In the coastal region, German shipping constitutes an indispensable employment factor. Jobs offered by the shipping industry on land and on the seas should in this context not be regarded as being isolated, but rather interwoven with the integration of shipping with many intermediate service operations on the coast and transport operations in the rear areas--firms whose business volume depends to a considerable degree upon contracts from German shipping companies.

11. German shipping companies do not want to be financially dependent upon the state forever. However, they need the FRG government's help in the political area so as to become competitive with other nations' shipping activities. They can succeed in this only if:

- heavy expense disadvantages under the German flag can be done away with (e.g., capital taxes, crew complement regulations);
- competitive distortions in international sea traffic (scheduled shipping) can be eliminated through joint efforts by Western European industrial nations (UNCTAD code, anti-dumping measures);
- sufficient temporary subsidies provide financial security and an efficient fleet (financial grants, investment aid, salvage premiums).

Should these measures fail to come about, the FRG will drop out of the group of maritime nations and will become an inland country which will depend on foreign assistance in its transport requirements to and from overseas. This will entail all the negative consequences to the structure and employment market of the north German coastal region and beyond that, to the FRG's position as a dependable trading partner, finally resulting in an impairment of its security policy interests.