

M'Zali that a gradual reduction in food subsidies would accompany increased taxes on petrol, alcohol and other luxury goods. Later in the month a series of strikes over pay affected postal, social security and bank workers and also teachers.

In security developments, Moslem university students staged a strike at the end of February to protest against the arrest earlier in the month of several fundamentalist activists. On March 8, a three-month suspension order was placed on *Al-Mustaqbal*, the MSD paper, on the grounds that it had published reports that were not conducive to public order. Mr Bechir Essid, a lawyer and leader of the *Rassemblement nationale arabe* (established by Mr Essid in May 1981—see page 31134), was found guilty on March 22 on a number of charges relating to anti-government activity and sentenced to two years' imprisonment.

Foreign developments, January to April 1984

A pipeline used to transport crude oil from Algerian oil fields to the Tunisian port of Es Skhira was damaged on Jan. 8 by an explosive charge placed on it near Hansir al-Bassasah, one mile from the Libyan border.

The Ministry of Defence issued a statement following the explosion claiming that the discovery of vehicle tracks to and from the damaged section showed that the saboteurs had come from Libyan territory. In response to a protest note from the Tunisian government, however, the Libyan regime denied that any of its citizens had been involved, and suggested that the attack had been carried out by Tunisians who had crossed the border in an effort to implicate Libya in the action. In their reply, the Libyans also offered to assist in the repair of the damaged pipeline (which was reopened on Jan. 14), and to participate in joint border patrols with Tunisian units.

Further discussions on the question of the border problem took place during talks in Tunis on Feb. 1 between Mr M'Zali and Mr Obeidi, during which the latter expressed interest in the possibility of Libya acceding to the Algerian-Tunisian treaty of friendship and concord [see above].

Gen. Vernon A. Walters, a US special presidential envoy, visited Tunisia on Jan. 11 in what he described as a demonstration "of the importance which the USA attaches to Tunisia's independence, security and territorial integrity". Mr Wu Xueqian, the Chinese Foreign Minister, visited Tunis on April 6-9 for talks with President Bourguiba, Mr M'Zali and other government officials. It was announced on April 14 that Tunisia and Nepal had agreed to establish diplomatic relations.—(Le Monde - BBC Summary of World Broadcasts - Times - Guardian - New York Times - Financial Times - Daily Telegraph) (Prev. rep. Relations with France 31866 A; Relations with Libya 31586 A; Cabinet and elections 31305 A)

A. ISRAEL—Announcement of elections - Palestinian guerrilla activity - Other developments

Formation of new political parties (October 1983 to March 1984).

Government defeats in series of Knesset votes (January to March 1984).

Passage of Knesset bill calling for general election (March 22).

Herut party leadership election (April 12).

Approval of 1984 budget (Feb. 22).

Palestinian guerrilla operations inside Israel (January to April).

Conclusion of strategic co-operation agreement with United States (Nov. 29, 1983).

A bill calling for the dissolution of parliament and an early general election was approved by the Knesset (the Israeli parliament) on March 22, 1984. Five members of the ruling coalition voted with the opposition on the measure, which followed a period of growing criticism of the government's performance, particularly with regard to its economic policy. The date of a general election was set for July 23, after the Knesset had approved a compromise agreement on the issue between Mr Itzhak Shamir, the Prime Minister, and Mr Shimon Peres, leader of the opposition Alignment.

The first four months of 1984 also saw a dramatic increase in attacks by Palestinian guerrillas within Israel itself.

Formation of new parties, October 1983 to March 1984

Three new political parties were formed during this period while a fourth movement declared its intention to contest an election.

On Oct. 21, the "Alternative Party" was formed by 100 activists associated with a number of radical movements, in particular *Yesh Gvul* ("There Is A Limit"), a group primarily opposing the government's settlement building programme on the occupied West Bank.

Lt.-Gen. Rafael Eitan, the former Chief of Staff [for whose retirement in April 1983, see page 32162], announced on Oct. 30 the formation of the *Tzomet* ("Renewed Zionism") party, whose principal object would be to secure Israeli sovereignty over all of "Eretz Yisrael" (the biblical land of Israel, which was held to include all of the West Bank, the Gaza strip and the Golan Heights).

Lt.-Gen. Eitan (who had been strongly criticized by the Kahan Commission of inquiry into the Beirut refugee camp massacres—see page 32042), stated that the party would have an "ideological affinity" with *Tehiya* (a right-wing component of the ruling coalition), but that it would maintain a separate identity.

Mr Ezer Weizmann, Defence Minister until May 1980 [see page 30610 B], announced on March 20, 1984, that he would contest the next elections at the head of a new party, which he subsequently stated, would be called *Yahad* ("Together") and which would pursue a policy of seeking to open direct talks with PLO leaders, including members of the Palestine Liberation Organization (PLO).

Three days later, Brig.-Gen. Benjamin Ben-Eliezer, the then 40-year-old coordinator of activities in the occupied territories, announced that he would resign his post in order to stand for election for *Yahad*. [The appointment of Gen. Eliezer's replacement in April will be covered in a subsequent article.]

The *Atzmaut* ("Independence") movement announced on March 21 that it would field candidates in the next elections. The main policies of the movement, which was headed by Prof. Ezer Weizmann, were the promotion of free enterprise and the abolition of income tax.

Appointments

It was announced on Nov. 30, 1983, that Mr Justice Shamgar was to replace Mr Justice Itzhak Kahan as president of the Supreme Court. Mr Shamgar, who was hitherto the Supreme Court's deputy president, had gained his legal qualifications in 1944-48, while in detention after his arrest by the British military authorities for participating in the activities of the *Leumi* guerrilla group.

On Jan. 12, Brig.-Gen. Amos Yaron was promoted to the rank of full general. He had been Beirut divisional commander of the

Defence Force (IDF), but was relieved of field command in March 1983 [see page 32162], following recommendations in a Kahan report that he should not hold a field post for the next 3 years [see page 32042].

Parliamentary developments, January to March 1984

The ruling coalition was defeated by 58 votes to 57 on three resolutions presented in the Knesset on Jan. 18.

Itzhak Berman, Energy Minister until September 1982 [see page 32042] and Mr Dror Zeigerman, both members of the ruling coalition, introduced the resolution demanding a debate on the West Bank settlement. The second resolution demanded a debate on the accusation against Leon Patt, Trade and Industry Minister, that the Histadrut trade union was deliberately creating industrial unrest in an effort to overthrow the government; the third, presented by the Labour Party, demanded a public inquiry into the collapse of bank shares.

A motion of no confidence in the government's economic policy was proposed by Labour on Jan. 25 following the publication of a report by the National Institute of Insurance, which claimed that 12 per cent of the population were living below the poverty line at the end of 1982 (this represented a significant increase over the 1981 figure—see page 32161). This and two other opposition motions were defeated, however, by 62 votes to 56. The Tami party had agreed to support the government in exchange for guarantees of a fixed minimum wage and the reduction of tax burdens on the poor.

The government was defeated by 48 votes to 46 on Feb. 1 on a motion demanding a debate on the planned rebuilding of the Jewish quarter in Hebron on the West Bank [see page 32203]. Voting with the opposition on this occasion were Mr Peres and Mr Mordechai Ben Porat, who had resigned his ministerial post without Portfolio on Jan. 29 [see page 32764].

After several weeks of speculation that the Tami party would leave the ruling coalition, its three Knesset deputies joined with Labour and Hadash ("Democratic Front for Peace and Democracy") factions on March 22 in presenting a bill calling for a general election in May or June. (The government's mandate was due to expire until November 1985.) The measure was defeated by 61 votes to 58 with one member absent (Mr Menahem Begin, former Prime Minister, who had effectively retired from political life following his resignation in September—see page 32535). In addition to the Tami deputies, Mr Berman and Mr Zeigerman also voted for the motion.

After the measure has been passed, there followed a period of speculation as to who would lead the two main party groupings in the next election.

On the Labour side, the two principal rivals of Mr Peres, namely President Mr Itzhak Navon and the former Prime Minister Mr Itzhak Rabin, issued statements on March 30 declaring that they would not seek election to the Labour leadership.

Mr Shamir's position as leader of Herut (which, with the smaller Likud party, formed the Likud front, the largest component of the ruling coalition) was initially challenged by Mr Ariel Sharon, Defence Minister and currently Minister without Portfolio. Mr David Levi, Deputy Prime Minister and Minister of Labour and Construction, Mr Levi declared on April 4 that he would not stand against Mr Shamir. Mr Sharon, however, was encouraged by Herut party officials to dissuade him from doing so and confirmed on April 8 that he would seek the party leadership, referring to "important differences" between himself and Mr Shamir. In the ensuing election by members of the Herut party on April 12, Mr Shamir was victorious with 59

per cent of votes cast, although observers noted that this was not as great a margin of victory as had been expected.

In an earlier development, the Zionist General Council (which acted as the legislative body of the World Zionist Movement when its Congress was not in session) had voted on Jan. 11 to reject the unopposed nomination of Mr Sharon as head of the Movement's immigration department. The rejection, which was seen as a symbolic blow to Mr Sharon's political career, followed a speech in his favour by Mr Shamir, who had argued that a negative vote would be tantamount to admitting Israeli responsibility for the Beirut massacres (which had inter alia led to widespread criticism of Mr Sharon by the international Jewish community).

Economic situation and budget

Rapidly rising inflation had by the end of 1983 reached a record annual level of 190.7 per cent (compared with 131.5 the previous year). The balance-of-payments deficit for 1983 was US\$5,100 million, while gross national product rose by slightly less than 1 per cent.

In an effort to prevent a collapse of the shekel, Israel's currency unit, the government had introduced currency controls on Oct. 30, which limited the amount of foreign currency held by any individual to \$3,000 in cash or travellers' cheques, with the added stipulation that this must be for the purpose of travelling abroad. On Jan. 16, 1984, this limit was reduced to \$2,000, of which only \$500 could be in cash, and on the same day trading in foreign stock markets and the maintenance of foreign bank accounts were also forbidden.

Over 70,000 public sector workers held a series of one-day strikes over pay during January 1984, before a pay settlement was agreed with the government on Feb. 1.

The Treasury's budget proposals for the financial year commencing April 1, which included a 9 per cent cut in the allocation to each government department, led to major differences emerging in the Cabinet, particularly between Mr Yigal Cohen-Orgad, the Finance Minister, and Mr Moshe Arens, the Defence Minister, who reportedly threatened to resign if the cut was imposed on his department. Agreement on the proposals was only reached after Mr Shamir stated that he would himself resign unless all departments accepted the economies.

As approved by the Knesset on Feb. 22, expenditure totalled \$22,700 million, of which two-thirds was absorbed by debt servicing and defence. In order to meet the expenditure targets, the budget included increased health charges and the introduction of fees for secondary education, and made provisions for a reduction in imports, a general cut in living standards and an increase in unemployment from 2 per cent to 6½ per cent of the working population.

Mr Yaacov Levinson, chairman until 1981 of the Histadrut-controlled Bank Hapoalim and more recently director of Ampal, the Bank's investment firm for channelling capital from the United States to Israeli banks, committed suicide on Feb. 23.

Mr Levinson had been accused of using both his positions for personal profit. On the day before his suicide, the Attorney General's office had ordered a police investigation into certain "grave irregularities" discovered by the Bank's own investigators. Mr Levinson had worked closely with succeeding Labour administrations until the Likud victory in 1977, and had on at least one occasion refused an invitation to join the government as Finance Minister.

Palestinian guerrilla operations in Israel, January to May

Palestinian guerrillas mounted four separate attacks in Israeli territory during this period, of which two took place in Jerusalem.

Handwritten notes in the left margin: "March 1983", "Kahan report", "3 years", "Parliamentary developments", "The ruling coalition", "Itzhak Berman", "Mr Dror Zeigerman", "the resolution", "The second resolution", "Leon Patt", "Trade and Industry Minister", "the Histadrut trade union", "deliberately creating industrial unrest", "to overthrow the government", "the Labour Party", "a public inquiry", "motion of no confidence", "proposed by Labour", "National Institute of Insurance", "12 per cent", "poverty line", "over the 1981 figure", "This and two other", "opposition motions", "defeated", "62 votes to 56", "The Tami party", "agreed to support", "the government", "in exchange for", "guarantees of a fixed", "minimum wage", "and the reduction", "of tax burdens", "on the poor", "The government", "was defeated", "48 votes to 46", "on Feb. 1", "on a motion", "demanding a", "debate on the", "planned rebuilding", "of the Jewish", "quarter in", "Hebron on the", "West Bank", "see page 32203", "Voting with", "the opposition", "on this", "occasion were", "Mr Peres", "and Mr", "Mordechai Ben", "Porat, who", "had resigned", "his ministerial", "post without", "Portfolio on", "Jan. 29", "see page 32764", "After several", "weeks of", "speculation", "that the", "Tami party", "would leave", "the ruling", "coalition, its", "three", "Knesset", "deputies", "joined with", "Labour and", "Hadash", "Democratic Front", "for Peace and", "Democracy", "factions on", "March 22 in", "presenting a", "bill calling", "for a general", "election in", "May or June", "The", "government's", "mandate was", "due to", "expire until", "November", "1985", "The", "measure was", "defeated by", "61 votes to", "58 with one", "member", "absent", "Mr", "Menahem", "Begin, former", "Prime", "Minister, who", "had", "effectively", "retired from", "political", "life following", "his", "resignation", "in", "September", "see page 32535", "In addition", "to the", "Tami", "deputies, Mr", "Berman and", "Mr Zeigerman", "also", "voted for", "the motion", "After the", "measure has", "been passed", "there", "followed a", "period of", "speculation", "as to", "who would", "lead the", "two main", "party", "groupings in", "the next", "election", "On the", "Labour side", "the two", "principal", "rivals of", "Mr Peres, namely", "President", "Mr Itzhak", "Navon and the", "former", "Prime Minister", "Mr Itzhak", "Rabin, issued", "statements", "on March", "30 declaring", "that they", "would not", "seek", "election to", "the Labour", "leadership", "Mr Shamir's", "position as", "leader of", "Herut (which,", "with the", "smaller", "Likud party,", "formed the", "Likud front,", "the largest", "component", "of the ruling", "coalition) was", "initially", "challenged", "by Mr", "Ariel Sharon,", "Defence", "Minister and", "currently", "Minister", "without", "Portfolio", "Mr David", "Levi, Deputy", "Prime", "Minister and", "Minister of", "Labour and", "Construction,", "Mr Levi", "declared on", "April 4 that", "he would", "not stand", "against Mr", "Shamir. Mr", "Sharon, however,", "was", "encouraged", "by Herut", "party", "officials to", "dissuade", "him from", "doing so", "and confirmed", "on April 8", "that he", "would seek", "the party", "leadership,", "referring to", "important", "differences", "between", "himself", "and Mr", "Shamir. In", "the ensuing", "election by", "members", "of the", "Herut party", "on April 12,", "Mr Shamir", "was", "victorious", "with 59", "per cent", "of votes", "cast, although", "observers", "noted that", "this was", "not as", "great a", "margin of", "victory as", "had been", "expected", "In an", "earlier", "development,", "the Zionist", "General", "Council (which", "acted as", "the", "legislative", "body of the", "World", "Zionist", "Movement", "when its", "Congress", "was not", "in session)", "had voted", "on Jan. 11", "to reject", "the", "unopposed", "nomination", "of Mr", "Sharon as", "head of the", "Movement's", "immigration", "department.", "The", "rejection,", "which was", "seen as a", "symbolic", "blow to", "Mr Sharon's", "political", "career, followed", "a speech", "in his", "favour by", "Mr Shamir,", "who had", "argued that", "a negative", "vote would", "be tantamount", "to admitting", "Israeli", "responsibility", "for the", "Beirut", "massacres", "(which had", "inter alia", "led to", "widespread", "criticism", "of Mr", "Sharon by", "the", "international", "Jewish", "community).", "The", "Treasury's", "budget", "proposals", "for the", "financial", "year", "commencing", "April 1, which", "included a", "9 per cent", "cut in the", "allocation", "to each", "government", "department,", "led to", "major", "differences", "emerging", "in the", "Cabinet,", "particularly", "between", "Mr Yigal", "Cohen-Orgad,", "the Finance", "Minister,", "and Mr", "Moshe", "Arens, the", "Defence", "Minister, who", "reportedly", "threatened", "to resign", "if the cut", "was imposed", "on his", "department.", "Agreement", "on the", "proposals", "was only", "reached", "after Mr", "Shamir", "stated that", "he would", "himself", "resign", "unless all", "departments", "accepted the", "economies.", "As approved", "by the", "Knesset", "on Feb. 22,", "expenditure", "totalled", "\$22,700", "million, of", "which two-", "thirds was", "absorbed", "by debt", "servicing", "and defence.", "In order", "to meet", "the", "expenditure", "targets, the", "budget", "included", "increased", "health", "charges and", "the", "introduction", "of fees", "for", "secondary", "education,", "and made", "provisions", "for a", "reduction", "in imports,", "a general", "cut in", "living", "standards", "and an", "increase", "in", "unemployment", "from 2", "per cent", "to 6½", "per cent", "of the", "working", "population.", "Mr Yaacov", "Levinson,", "chairman", "until 1981", "of the", "Histadrut-", "controlled", "Bank", "Hapoalim", "and more", "recently", "director", "of Ampal,", "the Bank's", "investment", "firm for", "channelling", "capital from", "the United", "States to", "Israeli", "banks, committed", "suicide on", "Feb. 23.", "Mr Levinson", "had been", "accused of", "using both", "his positions", "for personal", "profit. On", "the day", "before his", "suicide, the", "Attorney", "General's", "office had", "ordered a", "police", "investigation", "into certain", "'grave", "irregularities'", "discovered", "by the", "Bank's", "own", "investigators.", "Mr Levinson", "had worked", "closely", "with", "succeeding", "Labour", "administrations", "until the", "Likud", "victory in", "1977, and", "had on at", "least one", "occasion", "refused an", "invitation", "to join the", "government", "as Finance", "Minister.", "Palestinian", "guerrilla", "operations", "in Israel,", "January to", "May", "Palestinian", "guerrillas", "mounted", "four", "separate", "attacks in", "Israeli", "territory", "during", "this", "period, of", "which two", "took place", "in Jerusalem."

A grenade attack by guerrillas on Feb. 28 injured 22 people in Jaffa Road, one of the main shopping areas of (Israeli) West Jerusalem. Responsibility was claimed by the Democratic Front for the Liberation of Palestine (DFLP—a member group of the PLO), which stated that the operation was in revenge for attacks by Jews on Islamic holy sites [for recent attacks on mosques in Hebron and Jerusalem, see pages 32763-64].

The attack was endorsed by Mr Yassir Arafat, the PLO chairman, who referred to it as a "military operation" demonstrating the strength of will of the Palestinian resistance.

Three people were killed and nine injured when a grenade was detonated by a timing device on board a bus in Ashdod, south of Tel Aviv. Responsibility was claimed by the Damascus-based Abu Nidal group, a breakaway faction of the PLO [see page 32231].

Three guerrillas using grenades and automatic weapons injured 48 people, some of them seriously, in an attack on the intersection of King George Street and Jaffa Road in Jerusalem on April 2. After a brief gun battle with civilians, one guerrilla was killed and two captured.

Both the DFLP and the Abu Nidal group claimed responsibility for the attack, which was described by Mr Arafat as a "message from the Palestinian people not to forget the massacres of Sabra and Chatila". Mr Zehdi Terzi, the PLO permanent observer at the UN, denounced the attack, however, stating that it "does not correspond to the type of action approved by the PLO". Israeli security authorities admitted afterwards that the three guerrillas, who had entered Israel from Lebanon, had been briefly detained by police while hiring a car in East Jerusalem the evening before the attack.

A bus with 35 passengers on board travelling from Tel Aviv to Ashkelon was hijacked on April 12 by four guerrillas who ordered the driver to head for the Egyptian border. A pregnant woman released by the guerrillas raised the alarm, and after a high-speed chase the bus was brought to a halt near Rafah, in the Gaza strip, when IDF marksmen shot out its tyres.

There ensued 10 hours of negotiations between the IDF and the guerrillas, during which the latter demanded safe passage to Egypt and the release of 500 PLO members held in Israeli prisons. Shortly before dawn, the bus was stormed by soldiers, and in the ensuing fight two of the guerrillas were killed, together with one woman passenger, while seven other passengers were wounded, four of them seriously.

The Popular Front for the Liberation of Palestine claimed responsibility for the operation, although Israeli security officials asserted that all four guerrillas were in fact members of *Al Fatah* (the largest group within the PLO). After the identities of the guerrillas had been determined, houses belonging to their respective families in the nearby town of Khan Yunis were demolished by IDF bulldozers in accordance with established Israeli practice.

Controversy as to the fate of two of the guerrillas presumed killed during the storming of the bus emerged on April 14 when the editor of the magazine *Hadashot* announced that its photographer, who was on the bus at the time of the incident, had taken a picture showing Israeli security men leading an unwounded man (apparently a guerrilla) away from the bus. A second photograph, apparently of another man also being led away by soldiers, was published in the magazine *Haolem Hazeh* on April 25.

The controversy deepened when relatives and neighbours of one of the dead guerrillas identified him as being the man in the *Hadashot* photograph. Initial press reports on the incident were subjected to heavy censorship, but it subsequently emerged that some witnesses had reported hearing at least one shot fired some time after the IDF had established control over the bus.

Amidst growing speculation that either one or two of the hijackers had been captured alive and subsequently killed, members of the *Knesset* demanded an official inquiry into the incident and on April 27 Mr Arens agreed to set up a Defence Committee of inquiry under Maj.-Gen. (ret'd) Meir Zorea. Newspapers reported on May 13 that the bodies of two of the guerrillas allegedly depicted in the photographs had been exhumed on the instructions of the committee of inquiry for a detailed examination of their wounds.

The main conclusions of the committee's report, which was classified "top secret", were released by the Defence Ministry on May 28. The committee found that two of the hijackers had been captured alive and had died later as a result of blows inflicted on them by members of the security forces.

The inquiry established that both men had been beaten about the head as "an operational necessity" during the retaking of the bus. They had been led to a nearby field for interrogation, during which, according to the report "they were dealt severe blows by men on the scene". One of the hijackers had died as a result of a blow to the head inflicted during interrogation, while the other had been killed by "a blow dealt during the time between the retaking of the bus and his evacuation from the scene".

Commenting on the report, Mr Arens condemned the actions of members of the security forces which had led to the killings, and stated that such conduct was "in clear contravention of the norms incumbent on all and especially the security forces".

Foreign relations, November 1983 to May 1984

The conclusion of a "strategic co-operation agreement" between Israel and the United States was the principal outcome of a visit to Washington on Nov. 28-29 by Mr Shamir and Mr Arens, during which they held talks with President Reagan, Vice-President George Shultz, Secretary of State, Mr Caspar Weinberger, Defence Secretary, Vice-President George Bush and Mr Donald Rumsfeld, the special presidential envoy to the Middle East.

Both parties to the agreement undertook to give "priority attention to the threat to [their] mutual interests by increased Soviet involvement in the Middle East", and it was also agreed to set up a "joint political-military group to establish ways to improve US-Israeli co-operation" (the first meeting of which took place on Jan. 24-25).

Other decisions reached during the visit included undertakings by the USA to resume the supply of cluster bombs to Israel (which had been suspended in July 1982 after it emerged that they were being used against civilian targets in Beirut), and to open negotiations on forming a free trade association of the two countries.

On Nov. 10 the US Congress had approved an administrative request for \$2,610 million worth of aid to Israel in the fiscal year 1984. Of the total sum, \$910,000,000 was in the form of economic grants and the remainder was given as military credits, half a grant and half repayable with interest. It was understood that \$550,000,000 of the military portion was earmarked for development of the Lavi fighter aircraft.

Mr Arens and Mr Weinberger held further talks on March 1984. Details were released, but it was reported in the Israeli press in April that they had agreed to renew the "memorandum of understanding" with the US government after the signing of the peace treaty with Egypt in 1979 [see page 29949].

Mr Richard Luce, the UK Minister of State for Foreign and Commonwealth Affairs, visited Israel on Nov. 1-3, holding talks with government leaders which reportedly focused on the possibility of the ending of the embargo on sales of British oil and arms to Israel. [For the question of any sale to Israel of North Sea oil, see page 29949.]

The success of this visit was put in doubt, however, by the refusal of the Israeli government to permit Mr Luce to meet with Mr Bassam Shaka and Mr Karim Khalaf, the former (Palestinian) mayors of Nablus and Ramallah respectively.

President Chaim Herzog made a state visit to the United Kingdom in early April, during which he met with Mrs Thatcher, the Prime Minister, and also with Queen Elizabeth, to whom he extended an invitation to visit Israel. [For the Queen's visit to Jordan in March, see 32951 A.]

Chancellor Helmut Kohl of West Germany visited Israel on Nov. 30, holding discussions with Mr Shamir and other leading officials. Among topics covered in the talks was the West German decision to supply arms to Saudi Arabia [see 32823 A].

A number of demonstrations were staged during the visit to protest against the government's decision to receive a German head of government in the light of Nazi Germany's extermination of Jews during the Second World War.

A trade protocol worth \$90,000,000 was concluded with Romania at the close of a visit to Bucharest by Mr Patt (the Trade and Industry Minister) in late February.

On March 9 Mr Patt travelled to Cairo to participate in the opening of the annual Egyptian international trade fair, this being the first such participation by an Israeli minister. During his visit he held talks with Gen. Kamel Hassan Ali, the Egyptian Foreign Minister, and Dr Boutros Boutros-Ghali, Minister of State for Foreign Affairs.—(Guardian - International Herald Tribune - Times - Le Monde - BBC Summary of World Broadcasts - Financial Times) (Prev. rep. 32535 C)

A. OMAN — Cabinet changes - Economic and foreign affairs

- Cabinet changes (October 1983 and January 1984).*
- Opening of second term of Consultative Assembly (Nov. 16, 1983).*
- Announcement of 1984 budget (Feb. 13, 1984).*
- Establishment of diplomatic relations with South Yemen (Oct. 27, 1983).*

In a cabinet appointment announced on Oct. 29, 1983, Mr Khalfan bin Nasir al-Wahabi, hitherto President of the Consultative Assembly [see 32105 B where he is given as Sultan Nasir al-Wahabi], became Minister of Electricity and Water *vice* Shaikh Mamoud Abdallah Al-Harthy. In further changes in early January 1984 (i) Mr Salem Abdullah al Ghazali, hitherto Secretary to the Council of Ministers, was appointed Minister of Commerce and Industry *vice* Mr Mohammed Zubair, who became an adviser on economic affairs to Sultan Qaboos bin Said, the Omani ruler; and (ii) Mr Ahmed Swaidan al Baluchi became Minister of Posts, Telegraph and Telephones *vice* Mr Karim Ahmad Al-Harami. Sultan Qaboos issued a decree on April 8 appointing Mr Tuwanyi bin Shahab as Deputy Prime Minister—with special responsibility for the affairs of the capital (Muscat) area governorate.

Sultan Qaboos opened the second session of the Consultative Assembly on Nov. 16, 1983. The Assembly had been established by royal decree in October 1981 [see 31388 B], and at the opening of the second term its total membership was increased from 45 to 55, with the non-government representatives being increased from 28 to 36 and the government members from 17 to 19.

In the budget announced for the fiscal year commencing on Feb. 13, 1984, total expenditure was given as OR 1,800 million (US\$1 = 0.35 Omani rials), of which 44 per cent were for defence. Due to the decline in oil revenue [see 32705 A], which constituted 80 per cent of government income, the development budget had been cut from OR 362,000,000 to OR 360,000,000, and the oil development budget from OR 135,000,000 to OR 100,000,000.

In a joint statement issued by the governments of Oman and South Yemen on Oct. 27, it was announced that in implementation of the agreement reached in October 1982 [see page 32048], the two countries had agreed to establish diplomatic relations and would shortly exchange ambassadors.

The second meeting of the technical committee to discuss border problems (also provided for in the 1982 agreement—*ibid.*) was held in Kuwait on Oct. 29-31—the first meeting having taken place in Abu Dhabi (United Arab Emirates) in January [*ibid.*].

Sultan Qaboos held talks on Palestinian and Arab affairs with King Hussein of Jordan in Amman on March 29, 1983, but he subsequently denied reports that this represented an attempt to exert pressure on King Hussein to open direct negotiations with Israel.

The Omani Foreign Ministry announced on April 5, 1983, that the Algerian government had established an embassy in Muscat (the Omani capital) and had appointed a resident ambassador.

A meeting of the Anglo-Omani joint commission for technical and trade co-operation was held in London on Nov. 29. The meeting, which dealt with defence and trade relations between the two countries, was attended by Mr Richard Luce, a United Kingdom Minister of State for Foreign and Commonwealth Affairs, and the Omani Minister of State for Foreign Affairs, Mr Yusuf al-Alawi Abdullah.—(BBC Summary of World Broadcasts - Times - Financial Times - Omani Embassy Press Department, London) (Prev. rep. Cabinet changes 32105 B; Relations with South Yemen 32048 A)

B. MOROCCO — Riots following price increases - Cabinet change and internal developments - Foreign relations

- Riots following announcement of price increases (January 1984).*
- Cancellation of price rises (Jan. 22).*
- Subsequent trials of left-wing activists (February to April).*
- Introduction of price freeze on basic commodities (March 21).*
- Appointment of new Islamic Affairs Minister (Feb. 23).*
- Session of Moroccan-Libyan "higher committee" (Jan. 25-26).*
- Moroccan Jewish Society conference (May 13-14).*

Serious rioting broke out in several Moroccan towns during January 1984 after citizens had taken to the streets to protest against a cut in subsidies on basic commodities announced at the end of December 1983. The protesters were joined in some areas by students demonstrating against a rumoured rise in university fees, the non-payment of which would result in immediate conscription into the Army. After army and police units had restored