

Feature

The Gulf Crisis

Iraqis take it as a holy war

From AP Correspondent

An Eye-witness Account

BAGHDAD, Jan 20 - Within minutes after the first allied bombs fell, the bulky marketing manager of the luxury Al-Rasheed Hotel had become an instant "Saddam warrior" - complete with uniform, AK-47 rifle, grenades and gas mask.

So did dozens of information ministry officials who had made the state-owned hotel their home to keep better watch on journalists as the deadline for President Saddam Hussein to withdraw from Kuwait passed. U.S. President George Bush attacked a day after the Jan. 15 deadline.

"We are all warriors and the time has come to wear the uniform again," said one amiable ministry official. He had become known for his sense of humor, rare in a police state where a joke can be risky if someone in power doesn't laugh.

The Iraqis were efficient in the first hour of the allied attack, ordering journalists and other guests into the hotel's basement bomb shelter.

"Please, please, believe me jihad (holy war) has started," an official urged, threatening guests with his AK-47 rifle to get them into the basement.

At first, the Iraqis appeared ready to fight what Saddam had called the "mother of all battles." But a night of bombing shook their confidence.

At 3:30 a.m. one bomb or missile fell very near the hotel. The impact was so great that windows rattled. Iraqi anti-aircraft batteries, lodged atop most of the city's tall buildings, fired non-stop.

I was awake on the third floor of the hotel when the air raid began.

The war has begun

But soon it was all too clear that the war had begun. "Get into the shelter," shouted a rifle-wielding man as I tried to file a story via the hotel telex. He forced me to join others in the shelter from which we were forbidden to leave.

The hotel's electricity had gone off and the backup generator had failed. Chaos reigned. A group of Iraqi men and women shouted their most popular slogan, "Down, down Bush," inside the shelter.

At 4 a.m. I persuaded two Indian hotel staffers, my compatriots, to sneak me out of the shelter. Some 6,000 Indians still work in Baghdad.



A US fighter going back to its base in the Saudi desert after making several sorties again on Baghdad Sunday - Star photo from TV.

Dawn came and the bombing raids stopped.

But three hours of bombing had changed the Iraqis. Gone

was the confidence: officials looked nervous.

The facilities in the hotel collapsed. Telephones were

dead. There was no water, even for toilets. Guests had to haul water in steel bins from the swimming pool and a fountain to flush toilets and bathe.

Drinking water from swimming pool

Those who had not stocked up on bottled water had to drink water from the swimming pool.

I managed to sneak out of the hotel at 8 a.m. but taxis outside would not stop. Lines of vehicles packed with people were fleeing the city loaded with suitcases, blankets, cooking gas cylinders.

On one street, I saw hundreds of Iraqi men, some in civilian attire, walking aimlessly. Each carried an AK-47 and ammunition bags. They were singing in praise of Saddam.

The city's tall buildings were all standing. There was no sign of widespread devastation in the city of nearly 4 million people.

But fear had gripped many

residents. The air raids continued through the night but it sounded as if the battle had shifted to the outskirts of Baghdad, to the Saddam International Airport.

At 7 a.m. Friday I was greeted by a senior Iraqi official. "We have hit Israel," he repeated, announcing that Saddam had carried out his threat to fire missiles at the Jewish state.

The information ministry instituted censorship. We were told that all stories had to be cleared before we could gain access to satellite telephones. Many of us decided it was time to leave.

There were few taxis willing to undertake the journey through the Arabian desert to Jordan. Those who did asked for 3,000 U.S. dollars - six months salary of an Iraqi government employee.

Our convoy of three cars left Baghdad at 1 p.m. The Iraqi driver looked anxiously through the rear view mirror to see if he was being followed.

Military arsenal

From evidence collected in Baghdad and during the 14-hour journey it appeared that the U.S. led attack still had much to do to destroy Saddam's military arsenal.

US airlifts missile batteries to Israel

NICOSIA, Jan 20 - United States airlifted Patriot missile batteries to Israel to protect it from Iraqi attack and foil attempts by Saddam Hussein to split the coalition fighting to end Iraq's occupation of Kuwait, reports Reuters.

US and allied airmen scored Iraq on day three of the Gulf war on Saturday for the elusive mobile Scud launchers that hit Israel with 11 missiles with conventional warheads on Friday and Saturday wounding 28 people.

On the main battlefield the United States and its Western and Arab allies started shifting the focus of their massive aerial onslaught from fixed strategic targets to Saddam's republican guard and other troop concentrations.

"I understand the anguish of your people and your government", Bush told Israeli

Prime Minister Yitzhak Shamir by telephone on Saturday, "we will use every resource possible to suppress and destroy the mobile Scuds."

Bush who responded to Iraq's August 2 invasion of Kuwait by orchestrating a build-up almost 700,000 troops in the Gulf, is anxious to prevent the breakup of an anti-Iraq coalition which includes Arab states technically at war with Israel.

Iraq is clearly attacking Israel solely for political purposes to split the (anti-Iraq) coalition, the White House said in a statement after Bush and his advisers met.

Bush responded by rushing US troops with Patriot missile defences to intercept Iraqi Scuds fired at Israel.

The despatch of US troops to defend Israel, at least until Israelis have been trained to

use the Patriot is a new development in the already close relationship between the two countries. It appeared to head off immediate Israeli retaliation.

Israel, according to a senior US official sent world that it would not retaliate despite the second attack in two days.

But the official said that attitude would certainly change if Iraq as it has threatened, attacked Israel with poison gas.

The Iraqi raids against Israel brought public rejoicing in many Muslim countries.

Iraq which has sought to rally the Muslim world to its cause by making any peace settlement conditional on a solution to the Israeli-Palestinian conflict, accused the United States and its allies on Saturday of attacking Shi'ite Muslim shrines.

A communique from the

Iraqi general command carried by Baghdad Radio, said enemy planes had launched on the holy places and residential areas in Najaf and on Karbala both cities are the site of shrines holy to Shi'ites, who form a majority of the population in neighbouring Iran.

Iraq also accused Israel of intervening directly in the war by sending planes to take part in the fighting and by launching missiles against an Iraqi airbase.

But non-Arab Iran, which fought Iraq from 1980 to 1988 and is fiercely opposed to the Jewish state, reaffirmed its neutrality on Saturday.

The United States and its allies have begun shifting their massive Gulf war bombing raids from Baghdad and military complexes to Iraqi troop concentrations, the Pentagon said.

General Colin Powell, Chairman of the U.S. Joint Chiefs of Staff, told reporters military targets around Iraq's capital as well as airfields and air defences had been "the first set of targets" for over 4,700 air missions in the first

three days.

But he added that troop concentrations, including the elite Iraqi Republican Guard in occupied Kuwait and southern Iraq, would now begin to bear the brunt of attacks in an attempt to break Baghdad's military will.

"We'll try to hammer them as hard as we can" added army Major-General Tom Kelly at a later Defence Department intelligence briefing for reporters.

More than 500,000 Iraqi troops are dug in throughout Kuwait and southern Iraq and Pentagon officials have said that giant B-52 bombers are already conducting earth-shaking raids on their positions.

Powell spoke briefly to reporters after briefing President George Bush and as the Pentagon moved to step up the flow of military supplies to the Gulf, preparing for the possibility of a long war despite the early success of air attacks.

Iraq has reported capturing US and other pilots from planes shot down in bombing raids.

UN council chief, Iraqi envoy hold talks for truce

NEW YORK (United Nations), Jan 20: The current Chairman of the United Nations Security Council Saturday met with Iraq's UN envoy Abdul Amir AL-Anbari to discuss ideas for ending the Gulf war, reports AFP.

In their first meeting since the outbreak of hostilities Wednesday night, Ambassador Bagbeni Adeto Naengya of Zaire and Mr. Al-Anbari discussed an Algerian initiative calling for UN action and an Indian plan calling for a ceasefire to allow time for diplomatic negotiations.

The Iraqi Ambassador said he would convey those ideas to his government but pointed to communication problems, between New York and Baghdad. He said he hoped for a response from Baghdad tomorrow.

The plan put forth by India, a non-government member of the Security Council and a member of the non-aligned bloc, has not been officially submitted to the United Nations, the Security Council or the UN Secretary General, UN sources said.

Other countries, including

Yugoslavia, Morocco and Jordan, have offered their mediation. But no country so far has called for a Security Council meeting to seek an end to hostilities.

In the immediate future, diplomatic sources said call for a cease-fire were likely to be vetoed by at least four of the five members of the permanent members of the Security Council: Britain, France, the United States and the Soviet Union.

The fifth permanent members of the Council, China, abstained during the vote on the UN resolution authorizing the use of force to evict Iraqi troops from Kuwait after the January 15 deadline.

Reuters from Washington adds: The United States on

Feature

Banking and Finance

THE imposition of 14 per cent levy on interest on bank deposits has been acting as a disincentive towards savings. Banking sources confirmed that many of the fixed deposit holders are shying away from the banks and investing their money elsewhere.

In the Fiscal Act-1990, the previous government imposed 10 per cent income tax on the interest earned on the deposits and Jamuna levy to the tune of 4 per cent on the same. The government also imposed excise duty and development surcharge on customers' deposit and loan accounts.

The levy on the interests on the bank deposits had thus been enhanced to 14 per cent from 10 per cent from the preceding year.

Depicting a gloomy picture, a highly-placed banking source told the Daily Star that all kinds of deposits, particularly the fixed ones, had sharply declined. The source said, nowhere in the world, such a wide margin of levies was imposed on the bank interests. Even in the developing states,

the governments take utmost care to motivate the people towards savings.

The trend was being readily observed in the neighbouring countries. He said it was anybody's guess how things went so different in Bangladesh.

Bank in 1986, the government imposed Jamuna levy to the tune of 4 per cent which was still continuing. A fresh levy styled as income tax to the tune of 10 per cent on the interest earned on deposits had also been imposed. The excise duty provisions suggested that Taka 10 should be recovered from each account when the balance at any time never exceeds Taka 5000 and Taka 100 when the balance exceeds Taka 5000 at any time during

the year.

Development surcharges of Taka one per deposit account and Taka 10 per deposit account are being charged when the total deposit in an account is limited to Taka 5000 and exceeds Taka 5000 respectively. Excise duty of Taka one has also been levied per cheque leaf and 10 paisha per cheque as development surcharge.

In addition, excise duty to the tune of Taka 1 per cent is being recovered on all advances allowed by the banks including investment sanctioned to the customers of the banks excluding agricultural loans, industrial loans or loan on export sectors. Another

Taka 0.10 per cent is being charged on all advances allowed by the banks including investment sanctioned to the customers of the banks.

In the backdrop of severe liquidity position being faced by most of the banks, people's apathy towards savings has contributed a lot towards a more irregular banking in place of a highly organised monetary system which was prevailing in the sector earlier, said a banking expert.

A Bangladesh Bureau of Statistics (BBS) survey suggested that only 3.8 per cent of the national income had originated from savings during the Second Five Year Plan pe-

riod (1980-85) as against the targeted 7 per cent. The economists have attributed the low rate of savings to the distressed condition of the country's vast population and their poor capacity to save. The condition of middle income group of the people is fast deteriorating with the rise in prices of essentials.

The inflation in the country was rising at a pace of 12 per cent on an average every year. Added to this, the devaluation of the currencies had worsened the savings capacity of those who live below the poverty line.

The refixation of Taka value has been made at least 20 times after the country's liber-



The introduction of computer has brought a radical change in local banking in terms of both efficient accounting and improved customer service.

ation. As a resultant effect, the country's debt burden had widened. The present debt burden has risen to nearly US dollar 1000m. Import prices have increased manifold while no substantial gain had so far been achieved from export performances.

HONGKONG and Shanghai Bank, Hong Kong's largest bank, announced it will transfer its assets to a British company in a move analysts said would damage confidence in the territory, which reverts to Chinese rule in 1997.

The bank also said it will abandon its long-remoulded merger plans with Midland Bank, one of the biggest British banks.

Bank Chairman William Purves told a news conference today that the bank's decision

to transfer billions of dollars in assets to a British holding company "does not mean that we are turning our back on Hong Kong."

"We shall remain headquartered in the territory which is an important and profitable market for us," Purves said of the bank which has been based in the British colony for 125 years.

But stock brokers said the move would be a bad blow to confidence in Hong Kong's future which already has been rattled by last year's crack-down on a pro-democracy movement in Beijing and bickering between the British and Chinese governments over Hong Kong.

"It leaves the impression that the British are pulling out," said one broker, who spoke on condition of anonymity.

One Chinese economist, based in Hong Kong, said Chinese officials at the Xinhua news agency, China's de facto mission to the territory, were "very nervous about this."

"If there had been no June 4, this never would have happened," he said referring to the bloody crackdown on a movement for democracy in Beijing last year.

Brokers noted that the decision will create the unique situation of a major financial institution, which operates in some ways like a central bank, being owned by a company based abroad.

The bank, for example, issues more than half of the currency and functions as the main cheque clearing bank in Hong Kong - AP.

MALTA HOTS UP THE HUNT FOR OIL

Malta is making another effort - perhaps its biggest yet - to find oil off its shores. The pro-Western Nationalist government of Dr Fenech Adami has opened an eight-block area in the Malta-Sicily Channel and is poised to open another block to the south of the Mediterranean island.

The last effort to find oil off Malta was begun in 1983 north-west of the island by the IEOC, a subsidiary of the Italian oil giant AGIP. They gave up the search in 1985.

The area north of the island, known as Area Three, has already attracted American and Australian oil companies who have taken four of the eight blocks. The remaining blocks are expected to be taken up by other U.S. and European companies.

The area to the south - at 13,000 square kilometres 40 times the size of Malta and its sister island of Gozo - has been surveyed by the Japan National Oil Corporation. The Japanese paid the \$3 million cost. Reports of that seismic and magnetic survey, given to the Maltese government in November are still secret.

With the Vega oilfield to the north of Malta and the giant

Libyan Bourli field to the south, chances of striking oil or gas in Maltese waters seem good. If oil and gas were to be found in commercial quantities, the face of Malta would almost certainly change.

Once a base for foreign military forces, Malta has learned to live on its own since the last foreigners, the British, left in 1979. The economy has been shaky and still relies on financial and economic aid from neighbours like Italy, 80 kilometres away. Since the British departure, Malta's main sources of income have been tourism, textiles and light engineering.

Under a policy of neutrality

and non-alignment, the main political parties have vowed never again to let Maltese territory be used by foreign military forces.

There would seem to be no reservations about allowing foreign economic forces to take up positions in drilling rigs off Malta's shores.

The Maltese opened Area Three to exploration in March 1988 when the first multi-million dollar agreement was signed between Malta and Amoco Mediterranean production company, a subsidiary of US-based Amoco and Australia's BHP (Mediterranean) Inc. The companies were jointly awarded blocks two and

three, a total area of 4,200 square kilometres.

The two companies have paid Malta a signature bonus of \$4 million and agreed to spend another \$23 million in the first three years of exploration. They also pay \$100,000 a year to train Maltese nationals in the oil industry throughout the 30 years of the contract.

Rents, which increase annually, begin at \$32 per square kilometre for area awarded and \$7,700 per square kilometre for area retained for exploration and production.

The companies must make detailed seismic and geomagnetic studies within six months and begin drilling within 18 months.

A drilling contract with Texaco was signed on November 30. Texaco is to pay \$500,000 as a signature bonus with bonuses of about \$4 million attached to further contracts.

It agrees to spend \$1 million in the first year and \$20 million in the second and third years. Texaco will also pay \$50,000 during exploration and \$100,000 on training for the rest of the contract years.



Area Three has proved of particular interest to oil companies. Seismic data that shows it is an extension of the oil-producing Ragusa basin off Sicily. The nearby Vega field has also brightened prospects for discovery off Malta.

The Japan National Oil Corporation is expected to continue exploration to the south of Malta. In August 1980, Libya blocked a drilling effort in the area by sending warships to halt an Italian ship working for Texaco.

The Libyans claimed the area as their own, but since an International Court of Justice ruling in 1985 settling the boundaries, there have been no more Libyan-Maltese clashes. Joint ventures between Libya also provides Malta with oil at concessionary prices.

Malta is not pinning all its hopes in oil prospects. But by stepping up development of the industry it hopes for more foreign investment. --GEMINI NEWS

About the Author: JOE SCICLUNA has worked on the times of Malta since 1949, holding a number of senior editorial posts. He has been a Gemini correspondent since its foundation in 1967.