

International Intelligence

Britain would support Palestinian state

The British government has told the Palestinians that they would support a Palestinian state if it were approved by a referendum. The Saudi paper *Asharq Al Awsat*, according to the July 27 Israeli daily *Ha'aretz*, has reported that an official of the British Foreign Office informed the Palestinian Authority's representative in London, Afif Safieh, that the British would support a state "in the Palestinian territories." He also said that there was no reason why other nations should withhold recognition.

According to this report, the British Foreign Office conducted a study of possible future Middle East scenarios, including the establishment of a Palestinian state. One of the scenarios evaluated was that Israeli Prime Minister Benjamin Netanyahu would try to thwart such a referendum, but the study concluded that such an attempt would backfire on Israel.

Britain has also raised the status of the Palestinian mission in London to one just below that of full statehood.

Tax collection vs. EIR's Lima bureau thrown out

The Peruvian government's tax agency, SUNAT, formally notified *EIR*'s office in Lima, Peru on July 21, that it has closed its outstanding case against *EIR*, and that *EIR* owes no back taxes.

On Jan. 31, 1998, SUNAT initiated a crude, politically motivated attempt to collect double payment of *EIR*'s 1994 taxes, with exorbitant penalties added on. In a personal statement at the time, *EIR* Founder Lyndon LaRouche denounced the "notorious crony" of London's George Soros, Peru's Economics Minister Jorge Camet, as responsible for this "political atrocity." LaRouche charged that SUNAT's wrongful and capricious collection attempt, signified an intent to violate international human rights standards concerning freedom of the press. "Lacking the courage to meet openly the powerful political challenge which I rep-

resent, worldwide," LaRouche wrote, "cowardly political jackals act, as Camet does, as jackals, by their nature, are wont to do." *EIR*'s Lima bureau circulated LaRouche's statement throughout Peru's media and government, and *EIR* published it in its Feb. 27 issue.

There are two notable features of SUNAT's decision to close the case. First, the decision was dated May 4, yet SUNAT did not notify *EIR* until July 21. It would appear that the decision had been filed away, until after Camet left his post as Economics Minister, in early June. Second, *EIR*'s lawyer expressed astonishment that SUNAT should officially close out the case after only one appeal. Tax appeals such as *EIR* filed are common, and generally drag on for years. The expedited handling of *EIR*'s case is an indication that LaRouche's personal intervention set off a bombshell.

Central Asia summit promotes cooperation

The Presidents of Kazakstan, Kyrgyzstan, Tajikistan, and the Prime Minister of Uzbekistan (representing President Islam Karimov, who was ill) met in Cholpon-Ata, Kyrgyzstan on July 17. Four agreements were signed, including on economics and state boundaries. The Central Asia Union, formed in 1994 by Kazakstan, Kyrgyzstan, and Uzbekistan, was renamed the Central Asian Economic Community. Tajikistan, which joined the union last March, was named a co-founder of the Central Asian Bank for Reconstruction and Development.

The border between Kazakstan and Kyrgyzstan was demarcated at the summit. According to Kyrgyzstan President Askar Akayev's spokeswoman Bermet Malikova, this is the second step by the two countries to define their borders, after having signed agreements with China in 1996 and with Russia in 1997. Kyrgyzstan will define its borders with Uzbekistan and Tajikistan in the future.

Among issues discussed were regional security, in light of the continuing war in Afghanistan, and the recent nuclear tests by India and Pakistan. The parties agreed to

unite against "religious extremism," particularly that of Afghanistan's Taliban. A declaration on regional security had been prepared, but its signing was postponed until the next meeting in October, because of the absence of President Karimov.

Turabi: Sudan can accept independence of South

Dr. Hassan Al Turabi, the Secretary General of the Sudanese National Congress, said that Sudan would accept the independence of southern Sudan, in an interview with the July 23 German daily *Frankfurter Allgemeine Zeitung*. Turabi reiterated the policy outlined in the new Constitution, just passed in a national referendum, regarding the fate of the South: "If there is no other possibility of ending the gruesome civil war, and if the independence of the South is the *ultima ratio*, then I would support this step," he said. This, he added, would depend on a plebiscite, also foreseen in the Constitution.

"Before that, the inhabitants of the South, and also the 3 million southern displaced persons living in the North, should be able to vote on whether they want to maintain unity of the country, or they wish independence from Khartoum," he said. He said he was confident they would vote for unity, but added that he would accept a contrary vote.

Turabi denied that the war was a religious war, and characterized the government forces as a "peace corps" deployed in the South "to protect the people there from tearing each other apart." Because of the tribal warfare, he said, "I warn against the estimation that peace would come with independence in the South. What is more realistic is that a second Somalia would emerge." The paper commented that Western diplomats in Khartoum share this analysis.

Turabi said that the civil war has been the sole cause of the threatened famine in the South, and added that aid should be made available to the North as well. He criticized those who presented the recently agreed upon cease-fire as a "breakthrough," considering that the government has been trying to reach a cease-fire for months, and that Suda-

CHECHNYA is facing renewed civil war, Russian political figures are warning. Krasnoyarsk Territory Gov. Aleksandr Lebed told Interfax on July 21 that Dagestan, North Ossetia, Ingushetia, and Stavropol Krai (site of Russia's naval base in the Black Sea) will also be drawn into the conflict. Federal Security Service Director Nikolai Kovalyov said that "all the pre-conditions" for renewed conflict exist.

BENAZIR BHUTTO, the former Prime Minister of Pakistan, returned to Pakistan from her self-imposed exile in Dubai on July 26 to face corruption charges. She claims that the charges have been fabricated by Prime Minister Nawaz Sharif. Her husband has been in jail on corruption charges since her government was dismissed in November 1996.

TEHRAN former Mayor Gholamhossein Karbaschi was sentenced on July 23 to five years in prison, 60 lashes, and a fine of 1 billion rials (\$333,333). He was convicted of embezzlement, misconduct in government activities, and wasting public property; he has 20 days to appeal. Karbaschi's ordeal is part of an offensive by the arch-conservative faction opposed to Iranian President Seyyed Mohammad Khatami's policy of openness and dialogue.

ANGOLA is faced with renewed civil war after a massacre in July of more than 200 people in the diamond-rich northeast region, according to the July 26 London *Sunday Telegraph*. Four years of talks aimed at ending the foreign-run civil war broke down in June, after the UN Security Council imposed sanctions on the UNITA rebel group for not fulfilling its side of the peace agreement.

A MAJORITY of the Association of Southeast Asian Nations rejected a proposal by the Thai and Filipino foreign ministers to abandon the group's policy against interference in the internal affairs of member nations, at the ASEAN annual meeting in July.

nese People's Liberation Army leader John Garang had rejected it.

Turabi called for international cooperation in rebuilding the economy. "We are not so fond of physical labor. We prefer to watch the cow give milk and see the fruit fall from the trees. We're not Europeans, and have to get used to teamwork," he said. Referring to the construction of the oil pipeline to Port Sudan, Turabi referred to the Chinese laborers employed there: "I can certainly imagine, that in the near future 5 million Chinese will come to live in Sudan. We are underpopulated and are a melting pot of nationalities. And, we have no racism," he said.

British seek to build influence in Iran

After having created the conditions for a break in relations with Iran over the 1989 Salmon Rushdie affair, and campaigning openly for continued hostility between the United States and Iran, the British are now bending over backwards to become the best friends of the Iranians in Europe.

Foreign Office Minister Derek Fatchett, who has become the British diplomatic hitman in the Middle East and Persian Gulf region, in the first interview a British official has given to the Iranian News Agency since 1979, said that he wants a "more constructive *bilateral* relationship" with Iran, and wishes to "develop the bilateral commercial relationship." He said, "There is much we would like to discuss and cooperate on." He named as examples the peace process in Afghanistan, political developments in Central Asia and Iraq, recent nuclear tests in South Asia, and combatting the international drug trade.

Using what IRNA said is a "new tone," Fatchett referred to the Rushdie affair, and "disputed suggestions that his government's public support for the apostate author, under the banner of freedom of speech, condoned the contents of his blasphemous book and crime committed against 1 billion Muslims." He said that the U.K. "understands and regrets that the book, *The Satanic Verses*, has caused offense to many Muslims." He suggested that a "positive first step" be

taken by Iran, i.e., that the bounty on Rushdie's head be removed.

Fatchett falsely claimed that the U.K. government does not support the anti-Iranian terrorist group MKO. "He repeated his government's condemnation of the terrorism committed by the MKO grouplet based in Iraq and said that its members had been stopped coming to Britain," IRNA reported. He added "that the U.K. did not recognize and had no dealings with the so-called National Council of Resistance, one of the many alias names used by the MKO."

Oligarchs' FEER fears LaRouche's influence

The *Far Eastern Economic Review*, owned by Dow Jones, featured the following "intelligence" short, entitled "Odd Men Out," in its July 23 issue:

"It seems the International Monetary Fund isn't the only organization supplying economic advice to the Jakarta government. During one of his stops on a global roadshow, Ginandjar Kartasasmita, Indonesia's Coordinating Minister for the Economy, Finance, and Industry, invited reporters to his hotel suite in Tokyo. They were surprised to spot, among his papers, a video entitled, *The World Financial Collapse: LaRouche Was Right*. Lyndon LaRouche, a conspiracy theorist and perennial U.S. Presidential candidate, has been arguing for years that the world's financial system was on the brink of collapse due to unfettered growth in speculative funds; he says now that the Asian crisis is just the beginning. Many mainstream economists consider LaRouche's theories questionable—but no more so than Ginandjar's assertion at the press briefing that the Indonesian rupiah would be back at pre-crisis levels within five years."

Ginandjar is a retired general who assumed his current post under President Suharto. He has been central to Indonesia's private foreign debt negotiations, and he has stated that a sizable percentage of that debt needs to be written off as unpayable, particularly that portion in which both creditor and lender knew the deal was bad from the outset, i.e., a "moral hazard."