

BAHRAIN

A monthly newsletter issued by the Bahrain Freedom Movement

The Dawn of Democracy in the Gulf?

The Saudis Have Angered Their Allies and Foes Alike

The situation in the Gulf region is steadily moving towards a new stage in which the ruling tribes will find it extremely difficult to bypass the wishes of the people. Up and until now, the official position of the governments has been to dismiss any call for a reform of the political system, reiterating that the region has its own values and traditions. The struggle of the people in Bahrain, Saudi Arabia, Kuwait and Oman have been over the last four decades to improve the internal situation of their countries. So far, only Kuwait, for reasons relating to the Iraqi occupation, has managed to maintain a degree of democratic practice. The other three have opposed calls for political reforms. Bahrain has fared the worst in the non-stop struggle to attain a degree of popular representation in the affairs of the state. On the contrary, the Al Khalifa ruling tribe of Bahrain is the most notorious among the six in the treatment of the citizens. Human rights groups all over the world have condemned the Bahraini government for her flagrant violation of human rights.

The glimmer of hope stems from the fact that Saudi Arabia, the biggest and by far the most influential among the six states comprising the Gulf Cooperation Council, is now facing the strongest challenge to the rule of the Al Saud. In the last two years several developments have undermined the authority of King Fahd bin Abdul Aziz to the extent that the Americans, long considered the guardians of the House of Saud, are re-evaluating the situation. The severity of the situation may be appreciated in the light of the fact that since July 1992, the Americans have refused to send an ambassador to Riyadh, despite the latter's pressure to have one. Apparently, the Saudi government has failed to satisfy the US administration on three issues.

Firstly, they have refused to enter into a campaign against Iran which the Americans had proposed in order to drag Iran into an open conflict with USA. That would have enabled Washington to have a go at Iran similar to what it did with Iraq. The Americans have been wary of the Iranian opposition to the American designs in the region, particularly the rejection of the Madrid conference.

Secondly, the Saudis themselves have shown little enthusiasm to go along with the Americans in their peace process. In fact, their resentment towards the latest round of multilateral meeting on water in Muscat was clear. Amongst the GCC countries, Saudi Arabia was the only country which did not attend, to the annoyance of the Americans who presided over the meeting. Three months ago, the PLO chairman,

Yasser Arafat, was asked to visit Saudi Arabia, and King Fahd was forced to receive him. According to informed sources, the King was embarrassed but had no alternative but to meet him. He telephoned Sheikh Jaber Al Sabah of Kuwait to inform him of the situation, and the latter politely replied that it was up to him (King Fahd) how to respond to the American pressure.

Thirdly, the issue of human rights in Saudi Arabia was one of the most sensitive issues causing irritation both in Riyadh and Washington. The Saudis have taken certain steps to improve their records; they released almost all political prisoners, announced a general amnesty, and instituted a consultative council, the first in the modern history of the kingdom. However, there appears to be little chance that these steps will satisfy the Saudi public especially the educated elite which feels undermined. Many American human rights bodies are taking up the issue of human rights in Saudi Arabia, and making it difficult for King Fahd to find a short cut out of the problem.

The Saudis, in turn, have been attempting to get around the political isolation they have found themselves in. With dwindling oil revenues, they find their sharpest weapon, oil money, severely blunted. The problem in their southern neighbour, Yemen, is a test for their influence. They prefer the disunity of that country which is troubling them with the issue of border towns which were supposed to be returned to Yemen according to a 1934 treaty. With the crisis between the South and North of Yemen escalating day after another, the mediation efforts have also increased. The last serious attempt made by both Jordan and Oman has now faltered, and a new initiative has been undertaken by Egypt and the United Arab Emirates (UAE). This new effort is being supported, or rather instigated, by Saudi Arabia. The first step, according to the Egypt-UAE mandate, the two armies of the two parts of Yemen are to withdraw to their pre-1991 position, thereby enforcing the view that separation is still high on the agenda. That will suit the Saudis best.

The entanglement of the internal and regional roles of the Saudis has therefore become such that a new situation may arise in which the Saudis will either emerge victorious on both levels or they may lose out altogether. It seems more likely that there will be a period of uncertainty in the Gulf region with the diminishing political role of the Saudis and the apparently more serious interest expressed by outside powers, to improve human rights in the region. The Americans have recently presented to the countries taking part in the multilateral negotiations

a paper outlining a "Declaration of Principles". The paper, first presented to the Ottawa meeting on 6th February 1994, outlined the basis on which relations among the countries of the region should be established. Prominent among these are respect of human rights and a clear tendency towards the implementation of policies leading to democracy and multiplicity. Experts from foreign ministries of the GCC countries met last month in Riyadh and scrutinised the American paper.

Whatever the response of the experts and subsequently their governments, it is clear that they will find it extremely difficult to oppose the call for respect of human rights, promotion of democracy and implementation of multiplicity in the political system. Apparently, the peace process will need to be sold to the people of the region in such a way that they feel satisfied with the outcome of the American intervention having achieved a degree of improvement of the internal situation.

One important indicator of the degree of the opposition to the Saudi government, is the recent revival of the "Committee to Defend Legal Rights" which was suppressed last year. The crackdown on the members of the group who were of high academic and professional calibre led to the belief that it was completely crushed. However, the Committee has now surfaced in London in the person of its spokesman, Dr. Mohammed Al Mes'eri. He was jailed for several months before being released earlier in the year. He has now managed to leave the country and set up an office in London.

The emergence of the Committee at this stage is significant. It will be some time before the results of its political and media activities are clear, but the presence of an office in a western capital indicates that things have gone too far for the Saudis. Earlier, the King had succeeded in wooing the Shia opposition and an accord between the two sides was struck leading to the return of all exiles and the release of the political prisoners. The formation of the Consultative Council seems to have little effect on the more serious opposition which is rising from the regions which have, hitherto, been loyal.

It is therefore important to scrutinise the situation in the region in light of these developments. It has always been assumed that the domination of Saudi Arabia over the region is preventing any tendency towards democratisation which leads to popular participation in the political process. Riyadh has been viewed as the first line of defences, and once breached, the

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Amnesty International: Torture of Political Prisoners

On 20 April, Amnesty International issued an urgent action, the abstracts of which are: ((Mohammed Jamil Al-Jamri, Abdul Jalil Khalil Ibrahim, Seyyid Jafer Al-Alawi, Ali Al-Dairi, Nabeel Baqir; Amnesty International is deeply disturbed by reports that political prisoners in Jaw Prison No.1, including the five named above, were tortured after a radio was discovered during a cell inspection on 9 April. There are fears that the torture may be continuing.

The reports state that the radio was found during an inspection by Security and Intelligence Service officers, and led to a number of prisoners, including the five named above, being transferred to Al-Qala'a Prison. They were reportedly placed in incommunicado detention and tortured to extract information regarding the source of the radio. Some of them were transferred to hospital for urgent medical treatment, before being returned to Al-Qala'a Prison where it is feared the torture continues. In protest, at least 16 other political prisoners held in the prison began a hunger-strike on 9 April. Several of them were subsequently transferred to hospital following a deterioration in their condition. Amnesty International is further concerned about reports that the prisoners have been denied access to lawyers and family members)) end abstracts.

On 18 April, the families of the prisoners being tortured, gathered in front of Al-Qala'a Prison, but were turned away by the SIS Officers. They then went to a UN office but were told that this office was concerned with environmental affairs only, and were directed to another UN office at Al-Jufair district of Manama. At Al-Jufair UN office, a Kuwaiti national working for the UN told the families that he could do little to help, but would pass the information to an American. Jaw political prisoners have started a hunger strike protesting at the way six of them are being treated. Mr. Al-Jamri was admitted to hospital after six officers surrounded him and kicked his body all-over for six hours. He and five others remain in solitary confinement.

Re-Deportation of Citizens

1. On Sunday 17th of April, the Security and Intelligence Service (SIS), Abdul-Jalil Ahmed Al-Nouaimi to Damascus. Mr Al-Nouaimi has been in exile since 1975. He returned to Bahrain from Washington D.C. via Amsterdam on the evening of 16 April. Upon his arrival, he was detained at Bahrain Airport overnight, his one-year passport was renewed for another year with limited destinations, and was prevented from entering his homeland. He was forcibly-exiled to Syria.

2. Seyyid Hashim Al-Mosawi returned to Bahrain on 17 April, but was re-deported to Abu-Dhabi on the same day. On 18 April, Al-Mosawi went back to Bahrain, where he was held for a while and then deported to Syria. Mr. Al-Mosawi had been jailed for five years and was deported last year after completing his term.

3. Mr. Ali Makki, returned from Iran on 20 April. He was held at the Airport, interrogated and issued with a one-year passport valid for travel to Syria, Iran and Lebanon only. He was forced to board a plane destined to Syria.

UK Parliamentary Group Condemns Bahrain

On 18 April, the Chairman of the UK Parliamentary Group, Lord Avebury, sent the following letter to Bahrain's ambassador in London regarding forcible exile of two citizens: ((Dear Ambassador

As you know, we are anxious about some aspects of human rights in Bahrain, and I enclose a copy of a letter I wrote to the Prime Minister asking if he would receive me for discussion on those matters.

In the meanwhile, we heard about two cases, and I would be most grateful if you would convey our views on these to the authorities in Bahrain.

Mr Hashem Al-Mousawi, an activist in the Islamic opposition movement, tried to enter Bahrain on April 15 by Gulf Air flight GF902 which arrived in Bahrain at 20.00 (evening). He was detained on entry, and then sent to Abu Dhabi, where he has not been admitted either, and is stuck at the airport.

Mr Al-Mousawi was detained without trial between November 1982 until some time in 1986. He was then freed, but was arrested again in 1988 and tried before the State Security Court, which sentenced him to five years in prison. Apparently he got no remission, and at the end of the full sentence was taken direct from his to the airport where he was expelled to Syria, on a special one-shot Bahrain travel document. There were no formal procedures to deprive him of his citizenship, and his expulsion was contrary to international customary law.

Mr Abdul Jalil Saleh Ahmed Al-Noaimi, a founder and Vice President of the National Union of Bahraini Students (NUBS), sought to enter Bahrain on April 15, but was expelled on April 16 to Syria. When the National Assembly was dissolved in August 1976 he left Bahrain, and since then has been advocating the restoration of democracy and human rights from abroad. His passport was cancelled, but again after as we are aware, he was never deprived of his citizenship.

We would respectfully ask that these two gentlemen be allowed to return to their country, as is their right under customary law, and under the International Covenant on Civil and Political Rights. Lord Avebury)).

London Seminar on Bahrain

On 31 March, the Arab Organisation for Human Rights (UK Branch) organised a seminar on Bahrain. Four leading Bahraini opposition personalities contributed to the debate. The seminar covered the historical background to human rights abuses. It was argued that Bahrain has been living under three types of British dominations. Between 1926 to 1956, Charles Belgrave governed Bahrain with an iron fist. Between 1956 to 1965 the Special Branch was established by the British. From 1966 till today, Ian Henderson has been in charge.

The policy of forcible exile is as old as the history of British officers' domination. In 1938 several opponents were forcibly exiled to India. In 1956, three opposition leaders were exiled to the British Island of St. Helena. The seminar was the first of its kind in London.

Bahrain's Opposition Delegation Tours Europe

A delegation of human rights activists led by Mr. Abdul-Nabi Al-Ekry and Abdul-Jalil Al-Noaimi toured the European Union (EU) countries in March and April and presented the appalling human rights situation in Bahrain. The delegation met with EU officials in Brussels and Paris before arriving in London.

The delegation was invited by the Head of European Parliament Sub-Committee on Human Rights, Mr. Ken Coats. The Sub-Committee was presented with a comprehensive survey on human rights violations in Bahrain including forcible-exile of hundreds of Bahraini citizens. The survey also highlighted the state of repression caused by the suspension of constitution articles related to the elected national assembly and other basic rights.

In Brussels, the Delegation had the opportunity to meet with various European parliamentary groups and representatives of the commissions responsible for human rights and bilateral relations with the Gulf Cooperation Council (GCC) countries. Moreover, the delegation was received by the Head of Middle East Section in the Belgian Foreign Ministry, Mrs. Christine Stevens.

Dr. Abdul-Hadi Khalaf, an ex-MP in the Bahraini dissolved parliament, joined the delegation in Paris for a meeting with Mr. Geynot, the Director of Arabian Gulf and Peninsula at the French Ministry of Foreign Affairs. The delegation was assured of the French Government's sympathy with the Bahraini people aspiration for democracy and respect of human rights. Likewise, the delegation expressed their appreciation of such principled stand. More meetings were held with various groups and representatives of political parties in the National Assembly. The delegation also met with the human rights organisation (FIDH France-Liberte), where mutual concerns were exchanged.

In the UK, the delegation was received by Dr. Phillip Robins of the Royal Institute of International Affairs (Middle East Programme) and Mr. David Torrance of the Foreign Office. The delegation emphasised the special and historical British responsibility towards human rights abuses in Bahrain and hence the necessity to address the situation. The same concerns were presented to Dr. Atol Fede of Sir David Steel's office. The delegation held several sessions with human rights organisations such as Amnesty International, Index for Censorship, and Article 19. On 31 March, the delegation was offered the opportunity to present their case to the public in a special seminar organised by the Arab Organisation for Human Rights (UK Branch). Meetings were also held with British MPs and Bar Society.

The delegation urged the European institutions and personalities to support the Bahraini people efforts towards securing their democratic and human rights and call for releasing all political prisoners, allowing exiled people to return without harassments, putting an end to forcible-exile, re-activation of the suspended constitution and restoration of the dissolved parliament. Several political blocs within the European Parliament have included the human rights situation in Bahrain on their agenda.

Bahrain's Opposition Blocs Challenge the Government to Respect the Constitution and Human Rights

On 12 April, four opposition parties unified their position and issued the following statement:

(Emanating from the responsibility towards our homeland and people and in view of the recent important political developments taking place in Bahrain, the Islamic and National opposition movements declare their unified position towards these challenges. Our country (Bahrain) faces a deadlock and suffers from calamities as a result of the suspension of the Constitution (since August 1975), dissolution of the elected parliament and the issuance of arbitrary unconstitutional decrees, the worst of which is the State Security Law.

Amid this situation, the Security and Intelligence Service (SIS) led by the British General Ian Henderson (since 1966) has breached all limits by abolishing individual and civil liberties (that are stated in the Constitution) in the pursuit of suppressing opponents and those who do not conform to the official policies. The provisions of the unconstitutional State Security Law and Penal Code have inflicted heavy losses amongst our people; several of whom have lost their lives under torture; others are spending their best years of life in political jails; while many hundred are forcibly exiled. The absence of public accountability has paved the way for corrupt top officials to blunder the national wealth and to abuse power through excesses of privilege and favoritism. Moreover, the regime is threatening the unity of the Bahraini people by flagging the banner of sectarianism and tribalism.

In the past, Bahrain was at the fore-front leading a civilized way of life, marked by the co-existence of various political and cultural trends which managed to autonomously run

their affairs. The movement for popular participation goes back to the Thirties of this century. Presently, Bahrain is ranked at the bottom of the scale (even amongst the Gulf Cooperation Council) in the way political and economic polices are implemented.

The Patriotic and Islamic movements see no exit from this political dead-end without the Government responding positively to the popular consensus, as manifested by the historic petition signed by hundreds of dignitaries and submitted to the Amir (Head of State) on 15 November 1992. The government-appointed Consultative Council was deemed as an insult added to the injuries suffered by our people. The popular demands are clear. Amongst the important ones are:

1. Abrogating the Amiri (royal) decrees which resulted in the suspension of the Constitution and the dissolution of the elected National Assembly in August 1975.
2. Abolishing the State Security Law and suspending all unconstitutional provisions which suppressed individual and civil rights.
3. Releasing all political prisoners and allowing those in exile to return freely and without pre-conditions.

Without a serious shift in the official policy in line with the above demands (as prescribed by the Constitution and demanded by the people) the problems will only accumulate in complexity with grave consequences. We are confident that these just demands will prosper the stability and peace in Bahrain and the strategic Gulf region.

Signed by The Popular Front in Bahrain, The Islamic Front for the Liberation of Bahrain, The National Liberation Front - Bahrain, The Bahrain Freedom Movement).

In Search of Excuses: The Philosophy of Dictators

There are many in the West who hold the view that: when you think about Bahrain and the Gulf, you have to think differently. You have to forget about civil society, forget parliament, forget public accountability and forget anything that relates to a modern way of life. Charles Belegrove, the advisor appointed by the British in 1926 (lasted until 1956) reported to the British Foreign Office his views about national demands for parliamentary life. He claimed that Bahrainis would not need a parliament for the another century (see Belegrove's Personal Column).

Sir Anthony Parsons, an imminent British personality and was the British Political Agent in Bahrain in 1965 says in an article on Bahrain (ref: ISBN 0-7099-1834-8) that "the traditional style of Arab rule practised at the political level by the Ruler.. was well suited to a geographically small and demographically compact society.. It may not have been parliamentary democracy Western-style, nor people's democracy Eastern-style, but it created a kind of cosiness and intimacy which promoted consensus and smoothed down the roughest surfaces of opposition". Sir Anthony goes on explaining how the British Head of Special Branch (before Ian Henderson) together with Irish Commandant of Police left Bahrain fearing a revolt

similar to that of Aden. Sir Anthony also claims that this traditional (feudal) system is better than that of other Arab countries such as Nasser of Egypt.

The Amir was trained by the British to say the same thing. Whenever a group of senior personalities try to speak So him about lack of freedom and oppressive measures implemented by the security forces, the reply has always been the same. "Well, if these people (opponents) were in Iraq, they would have been in a worse situation". Obviously, the Amir is right. He still has a lot to do to reach the level of Saddam Hussain who gassed many thousands to death and committed record massacres. Hence, the philosophy of the regime is as long as the oppression is not equal to the that of a superior dictator, it didn't matter to torture prisoners, suspend the constitution and threaten the security of individuals.

This concept is very dangerous. It means that the UN conventions and advanced notions of liberty have no value and are not applicable to ruler friendly to the West. To measure the amount of harassment with a superior villain is a gateway to medieval centuries. It is an attempt to stop progress of nations that can never stand the test of time.

Arbitrary Detention of High-School Pupils

The human rights situation in Bahrain is witnessing a drastic deterioration as the Security and Intelligence Service intensified its oppression campaign. On 2 April 1994, a querrel between a group of young pupils studying at Isa Town High School was transformed by the police to a political drama. The police intervened and detained several students. The matter should have ended there. What followed later on uncovered a sly plot by the SIS. A total of 25 pupils were arrested. Then the SIS started arresting more on the claim that these students were engaged in cultural and religious activities outside the school. The parents of the detained enquired about their sons and informed the authorities that these pupils are about sit their final exams of the year. No reply or explanation was offered. Then the SIS told some parents that their sons were planning to "overthrow" the government!

The parents were astonished at the way the SIS behaved by converting a querrel between high-school pupils into a major political problem. One explanation is that the SIS is looking for scapegoats to divert the attention from other political events and to provide the Amir (ruler) with a list of "political" prisoners for possibly declaring a royal "pardon" during one of the occasions , and thus show the outside world how compassionate he is. The families of the detained received information that their sons are being badly treated to force false confessions to politicize the case. Those in detention include:

Mahdi Sahwan from Sanabis village; Seyyid Kamil Abdul-Nabi, 19 years old, final year at high-school; Besharah Abdul-Hadi Isa, 19 years old, final year at high-school; Ahmed Mohammed Qahraman, 18 years old, final year at high-school; Yonis Mohammed Qahraman, 17 years old; Habib Hamza Ali, 17 years old, has two years to complete high-school; Abdul-Redha Mohammed Gholoom, 19 years old; Wesam Abbas Mohammed Al-Saba'a, 17 years old, two yrs to complete school; Mansoor Abdul-Nabi, 18 years; Moneer Abdul-Nabi, 17 years; Mohanna Ali Al-Ghanim, 19 years; Mohammed Abdul-Jalil Amiri, 19 years; Hussain Mansoor Al-A'ali, 20 years (un-employed); Husain Gazaz, 23 years (un-employed); Yonis Al-Shewaikh, 17 years, high school pupil; Ja'afar Al-Haddad, 17 years old.

The above case indicate the arbitrary nature of the way the SIS conduct their operations and is a flagrant violation of basic human rights.

Saudi Opposition Communique No. 3

The Committee for the Defence of Legitimate Rights in Saudi Arabia issued several communiques since its transfer of operations from Saudi Arabia to London. Communique No. 3 stated that "It is now well known to the world that the Kingdom of Saudi Arabia suffers from huge political, economic and social problems, ar from a serious deterioration in human rights. In fact, the Kingdom's record has become one of the worst records known in the world with regard to the violation of human rights.

Recently a group of scholars and intellectuals had come together and agreed to initiate an action aimed at stopping the wheel of deterioration that is rapidly pushing the society towards the edge of collapse".

The Saudi Strangulation of Bahrain's Economy

Bahrain's Inshore Oil Is Running Out While The Saudis Confiscate Offshore Oil

The petroleum sector in Bahrain has not been well-managed. Following is a concise account on the state of the petroleum industry.

Oil was first discovered in the Middle East in Iran in 1908. This led to the formation of the Anglo-Persian Oil Company (APOC) in 1909. Later, Bahrain was approached by an entrepreneur. The person credited for the relatively early discovery of oil was Major Frank Holmes from New Zealand, who was in Bahrain on behalf of a British firm.

Oil concessions were to be granted on the ground that Bahrain was to gain in case oil was found but would suffer no loss in case of failing to find oil in commercial quantities. Mr. Holmes believed that there is oil beneath Bahrain's soil as per his engineering background. He then bought oil concessions with renewable option from the ruler at the time, Sheikh Hamad Al-Khalifa, the grandfather of the current one.

A current study on Bahrain alleges that the Al-Khalifa ruling family sought early oil discovery in order to obtain funds so as to become financially independent from wealthy families such as Kanoo, al Jawahari and al Sharif in order to pay off financial obligations.

As per the British directive, only British firms could obtain exploration permits in Bahrain; Major Holmes failed to entice any British firm. On the other hand, as per the U.S. government directives, American oil firms were actively seeking oil business in the region. The business eventually went for an American firm, namely the Standard Oil Company of California (SOCAL). Socal bought the oil concession when sold by Major Holmes to yet another American oil company. Socal then established Bahrain Oil Company (Bapco) in the late 1920s. In order to meet the British sovereignty clause, Bapco was registered in Canada (under British Crown). The name Bapco is still retained.

Few years later, Socal sold 50% of its stake at Bapco to Texaco, and both developed what is known as Caltex. Until today, Caltex effectively runs Bapco despite government's majority shareholding. From Bapco, Socal managed to get the Saudi business to set up the giant ARAMCO.

Inshore crude production started in 1932 at Jebel Dukhan, located at the centre of the main island of Bahrain. Exporting has been emphasized ever since the oil discovery. A refining facility was set up in the mid 1930s. In the mid 1940s a pipeline was set up with Saudi Arabia.

Since its inception, output from Awali or Jebel Dukhan has increased steadily until the peak in 1970 with a 66,000 barrels per day (bpd) output. Since then, production started to decline gradually until the mid 1980s. More or less, the output has stabilised at around 42,000 bpd though occasionally the amount changes by a 1,000 bpd or so.

Enter the problem. Reserves of the Dukhan inshore oil are expected to be exhausted just after the turn of the century based on official statistics but maybe 2010 by other credible accounts.

As to the second source of crude oil, namely Abu Sa'fa, there is a story to tell. The regime which cared only for staying in power, ceded

Abu Sa'fa to Saudi Arabia in 1958. Moreover, the agreement stipulated that the two states are to share any resources found in Abu Sa'fa. The field produces some 150,000 bpd and accordingly Bahrain was assigned 75,000 bpd.

Saudi Arabia increased Bahrain's share of Abu Sa'fa for 1993 and 1994 only. Following intensive begging (and special treatment given to members of Saudi regime) the Riyadh government has agreed to raise Bahrain's allocation at Abu Sa'fa to 100,000 bpd for two years starting 1993. In the Arab tradition, the Saudi practice is known as the generosity of the stingy. Thus, the Saudis, despite their massive daily production, are not willing to relinquish Abu Sa'fa output to Bahrain for ever or at least for a good number of years to help Bahrain solve some acute economic problems such as the unemployment.

Bahrain is not an exporter of crude oil, unlike all other Gulf countries. Through the old Sitra refinery, Bahrain processes crude into petroleum products primarily for exports. The inshore oil output provides only 17% of the old refinery's 250,000 barrels per day capacity. The rest is bought from Saudi Arabia and transferred to Bahrain via a pipeline from eastern Saudi Arabia crossing the border into Bahrain. The Saudi regime purposely leaves the impression that Riyadh provides the oil to Bahrain at favourable rates. Those with inside information in the oil industry tell us that this is incorrect.

The problem today is that the refinery is very old thus making the operating costs intolerable. Also, old units are preventing Bapco from producing products that are highly in demand today, thus causing another revenue loss. A full modernization programme would cost some \$1,500 million, an amount that makes a one-year state revenue. However, a limited modernization is underway. Aside from money problem, a new technology would cause layoffs; the majority of the employees at Bapco happen to be Bahrainis, having skills related to a specific industry, thus a social cost that may fuel an uprising similar to that of March 1965.

The crude oil production is owned by the state through Banoco or Bahrain National Oil Company. At the same time, 60% of the refinery (or Bapco) is owned by Bahrain. Banoco controls Bahrain's interest and the remaining 40% by the powerful Caltex. Banoco is in charge of distributing and marketing Bahrain's oil. Bapco, on the other hand, runs the refinery. In turn, Caltex runs Bapco, thus the refinery.

Caltex and Bapco operate on safe parameters. Bapco is concerned with production. Distribution and other marketing functions are carried by Banoco. Bapco informs Banoco of the operating cost, often times regardless of the oil market prices. Banoco must pay Bapco.

The problem today is the impending exhaustion of Jebel Dukhan oil. This is quite worrying for the authorities. The inshore output contributes about 35% of the budget revenue. Thus, in not the too distant future, Bahrain will lose a very important and reliable source of income. The fact that Abu Sa'fa is in Saudi control adds salt to the injury. The

authorities are formally happy about the unholy marriage with the Saudi regime but privately they could not conceal their fear that the Saudis may one day change their mind about giving Bahrain the share of Abu Sa'fa. In the Middle East, everything is subject to change. The Kuwaitis realized this lesson the hard way. With respect to the refinery, observers believe that the Saudis are happy with the pipeline business partly because they are selling Bahrain at the market prices. Bahrain is a secured buyer to the Saudis.

The American firm, Harken International, has been commissioned to explore crude oil in and around Bahrain. It is said that the former U.S. President George Bush asked Bahrain authorities to grant the exploration business to Harken. One of Mr. Bush's sons is the biggest shareholder at the firm. Mr. Bush made the request (and then obtained it) during his visit to Bahrain in the 1980s while Vice President to Mr. Ronald Reagan. This fact became news in the U.S. but certainly not in Bahrain. Mr. Bush's reputation was at stake. American media often mentioned this case during Mr. Bush's failed bid to win a second-term in office.

Industry sources dampen chances of major commercial discoveries. As to the role of the petroleum industry in the economy, as of 1991, crude oil contributed 16.3% to the GDP; oil processing contributed some 6.4%, thus placing the full contribution of the petroleum industry at 22.7%. Yet the figure is modest compared to the 1970s or so. Normally the regime is referring to the oil as part of the GDP in the claim of the relative importance of oil in the economy. But oil as part of other areas has a different story. As of 1991, oil represented more than 48% of total imports, 78% of exports and in 1993, 63% of the state revenue. In 1992, Bahrain field's output was down by 0.5 million or 3.3% from 15.6 million bpd in 1991. In 1992 total refining output stood at 94 million bpd versus 93.5 in 1991, up by 0.5 million with local consumption of 3.5 million and the rest was for exporting.

The ruling family has yet to upgrade its behaviour to conserve the wealth of the country. The prime minister heads the Supreme Oil Council, seemingly responsible for setting-out the overall energy policy. Bahrain is facing uncertain and bleak economic future. The primary industry has to be linked to a sound policy for a manufacturing industry. The problem is that the Al-Khalifa are incompetent and have decided to exclude Bahaini citizens from participating in running the country. Long term decisions are need and these require democratic consent of the public.

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shape of the political arena in the Gulf will experience a fundamental change. The Government of Bahrain has so far refused to adapt to the new situation in the world relying on the unconditional support of the Government of Saudi Arabia. Others have done the same. It now appears that it is only a matter of time before things move towards a different horizon, perhaps leading to a new dawn of democracy.