

or loans obtained between April 13 and May 13, \$240 million went for debt service while only \$60 million went for imports. Drastic cutbacks in imports have already resulted in a pile-up of \$1 billion in import orders. Not surprisingly, stockpiling and black marketeering are rampant.

Following reports that the government had imposed a moratorium on all import payments except for oil and defense supplies, Central Bank officials issued a denial despite pledges from West Germany that Bonn would continue exporting to Turkey. The West Germans also attacked fanatical Deputy Prime Minister Necmettin Erbakan — a coalition partner of Demirel and a likely partner of Ecevit should the latter win the election — for blocking foreign investment in Turkey.

Soviets, Italians Organize Mediterranean Peace Zone

While the Carter Administration is busy planning scenarios for regional chaos — ranging from a war in the Aegean to a new Cyprus flare-up — the Soviet Union and Italy have intensified their efforts to defuse these hot spots. According to the Greek press, spokesmen for Turkish Cypriot leader Rauf Denktas, were forced under direct “pressure from Moscow,” to officially announce this week that “no independent Turkish state will be declared in Cyprus.” The announcement follows weeks of rumors that the Turkish Cypriots were planning to declare independence in the days just preceding the Turkish elections, a move sure to throw the region into chaos. Just two days before the Turkish Cypriot announcement, Soviet ambassador to Cyprus Astavin met with Denktas and with Cypriot President Archbishop Makarios, and clarified “his country’s opposition to the declaration of an independent Turkish state... and any Western interference in Cypriot affairs,” according to the Greek daily *Eleftherotypia*.

Paralleling the Soviet efforts, the Communist Parties of Greece, Turkey and Cyprus issued a joint communiqué last week declaring their efforts toward a “just Cyprus settlement” and calling for the removal of Turkey’s occupation forces from the island. *Haravghi*, the newspaper of the Cypriot Communist Party AKEL, charged that last week’s collapse of negotiations between Greek and Turkish Cypriots in Nicosia is part of a

“NATO conspiracy” setting the stage for another round of Cyprus hostilities. Last week the Greek Communist daily *Rizospastis* revealed that the coordinated strategy of the three parties follows an historic meeting in late April of their leaders.

The renewed Cyprus crisis would serve to militarize the region, in the face of a possible declaration of debt moratorium by Turkey. A Cyprus flare-up is also aimed at removing Makarios from power and destroying his powerful alliance with the Cypriot Communist and Socialist parties. According to the Lebanese magazine *Events*, Socialist leader Lysarrides has mobilized his militia to counter an expected coup attempt by Makarios rival Glafkos Clerides.

Following talks with a high-powered Soviet delegation in Cyprus last month, Makarios declared that “the Cypriot government will not tolerate Cyprus talks being carried out in ‘secret rooms’ ” and closed sessions — a sharp rebuff to Carter’s efforts to prevent settlement of the Cyprus issue by keeping it an “internal NATO squabble” subject to the personal mediation of Clark Clifford, Carter’s personal emissary to the region.

Significantly, the Turks are also resisting the attempts to heat up the region by indefinitely delaying the sailing of the controversial oil survey ship Sismik I into the disputed Aegean waters.

Italian Prime Minister Giulio Andreotti’s recent visit to Greece is crucial to defusing the region. While in Greece, Andreotti continually emphasized the importance of establishing a zone of peace and security in the Mediterranean and stressed that Italy’s support of Greece’s rapid entry into the European Economic Community is based on the interest of expanding “democratic cooperation” in the area around economic development. Andreotti also addressed himself to Turkey’s catastrophic debt situation and worked out an agreement with Greek Prime Minister Constantine Karamanlis over continental shelf rights of Greek islands in the Ionian Sea. The agreement was explicitly designed to set precedent for settling the Greek-Turkish dispute over Greek islands in the Aegean, preventing continued manipulations of the area. The Greek daily *Kathimerini*, the mouthpiece of Karamanlis, praised the “spectacular results” of the Andreotti trip.

Red Sea Crisis Looms As Sadat, NSC Isolate Ethiopia

Right-wing Arab nationalists under the control of the U.S. National Security Council are blundering into a crisis over the strategic Horn of Africa and the Red Sea that could provide a trigger for a Middle East war.

The key to the NSC scenario involves the isolation of the increasingly pro-Soviet regime in Ethiopia by Arab countries who support a sputtering rebellion of separatists in the Ethiopian province of the Eritrea, which — together with a single railroad through the French colony of Djibouti — provides Ethiopia with its only access to the sea. The eruption of a war between Ethiopia and its Arab neighbors, according to informed sources, could touch off an Arab move to close the Straits of Bab el-Mandeb at the mouth of the Red Sea,

thus threatening Israeli shipping and oil supplies.

West Germany’s daily *Die Welt* reported this week that NATO officials are concerned over the threat that the closing of Bab el-Mandeb — like the closing of the Straits of Tiran by President Nasser of Egypt in 1967 — could provide Israel with an excuse for launching a preemptive strike.

According to the *Financial Times of London*, Egyptian President Anwar Sadat has called for a meeting of states along the Red Sea, but excluding Ethiopia (and, of course, Israel). The conference, which reportedly will include representatives of the Eritrean guerrilla movement, is designed to give support to the Eritrean Moslem rebels and their allies in Djibouti.

The Soviet Union, which is growing increasingly close to Ethiopia, has repeatedly denounced Arab attempts to turn the Red Sea into an "Arab lake," and has started to supply arms to the Ethiopians. The USSR is also close to Somalia, Ethiopia's Arab neighbor, and both the USSR and Cuba's Fidel Castro have sought to create a "federation" linking Ethiopia, Somalia, and several other Arab states to defuse the danger of an Arab showdown with the largely Christian Ethiopians. But there is a strong right-wing Arab nationalist element in Somalia, and it is this nomadic faction which Sadat and Sudan's President Numeiry are seeking to encourage by fueling the threat of a regional war.

On June 1, Numeiry warned darkly that the continued supply of arms to Ethiopia by the USSR would "lead to war" between Ethiopia and Somalia, the latter presumably receiving support from Sudan and Egypt. Earlier,

the Soviets this week withdrew their ambassador from Khartoum, Sudan, in protest over the Sudanese provocations in the region.

A related danger hovers around Djibouti, which is set to receive its independence from France on June 27. Through the capital of Djibouti passes Ethiopia's only railway, carrying over 80 percent of Ethiopian trade. Officials in Djibouti reported yesterday that "unknown saboteurs" blew up the rail line, crippling Ethiopia's access to the sea and raising tensions in the area.

Both the *New York Times* and the *Wall Street Journal* this week gave prominent front-page coverage to the growing crisis in the Red Sea, with the Journal noting that huge quantities of oil passing through the Bab el-Mandeb Straits would be endangered by the outbreak of war in the region.