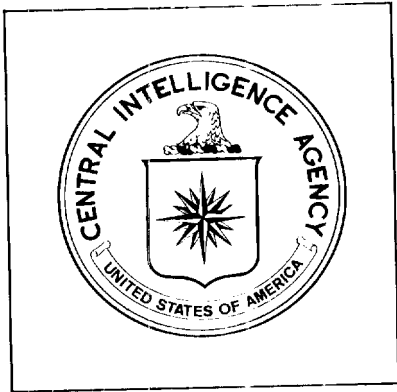


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MIDDLE EAST – AFRICA – SOUTH ASIA

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Israel

Exodus Cancels Out Immigration Gains

1 Israel is likely to have no net population gain from immigration this year, apparently for the first time since its founding in 1948. According to data reported to the Israeli cabinet late last month, the number of persons leaving the country permanently in 1975--estimated to be about 18,000-- is expected to about equal the number of those arriving to take up permanent residence.

1 Although the number of emigrants this year is substantially less than the estimated 29,000 who left Israel in 1974 in the wake of the Yom Kippur War, the number of new arrivals, which normally more than offsets the figure for departures, is the lowest since 1967. There is little expectation that the situation can be reversed soon. Although the figures shown the cabinet project an increase in the number of new arrivals next year, the number of emigrants is expected to remain high, allowing for only a small net gain at best.

4 If the figures are accurate, the average annual rate of emigration from Israel since the 1973 war has been more than double the pre-war rate.

2 A poll taken last summer found that more than one Israeli in twenty was considering leaving the country. Most of the reasons advanced by potential emigrants reflect social and economic discontent and anxiety about Israel's security. High taxes, inflation, and difficulty in finding suitable employment figure prominently as reasons for leaving.

4 A substantial number of those who emigrate are relative newcomers to Israel, among whom concern over security is particularly influential. The Israeli Central Bureau of Statistics recently

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2 | estimated that 20 percent of all immigrants who
arrived in Israel five years ago have since left.
The figure is even higher for immigrants from
Western countries, 40 percent of whom departed
within five years.

3 |
4 | Compounding the problem is the fact that
emigrants tend to be the sort of people Israel can't
afford to lose--young, relatively well-educated
couples with children. Less than 20 percent of the
emigrants are over 45 years of age. Immigrants, on
the other hand, tend to be older people. Last year
3 | nearly 30 percent of them were over 45 years of
age.

The Israeli government has been deeply concerned
for over a year about the drop in the number of
immigrants and the rise in emigration. Government
policy is to maintain a large majority of Jews over
Arabs in Israel. The rate of natural growth of the
country's 2.9 million Jews, however, is estimated
to be only about 2.6 percent per year. It lags
substantially behind that of non-Jews--mostly
Arabs--which is estimated to be about 4 percent.

4 | Until the October 1973 war, the government
could generally count on a large annual net gain of
immigrants over emigrants to offset the difference.
As that gain has dwindled, the government has
sought to stimulate Jewish population growth by
increasing birth allowances, especially for large
families, and has raised the cost of foreign travel,
partly to discourage emigration. The main emphasis,
however, continues to be on programs to stimulate
the flow of immigrants to Israel.

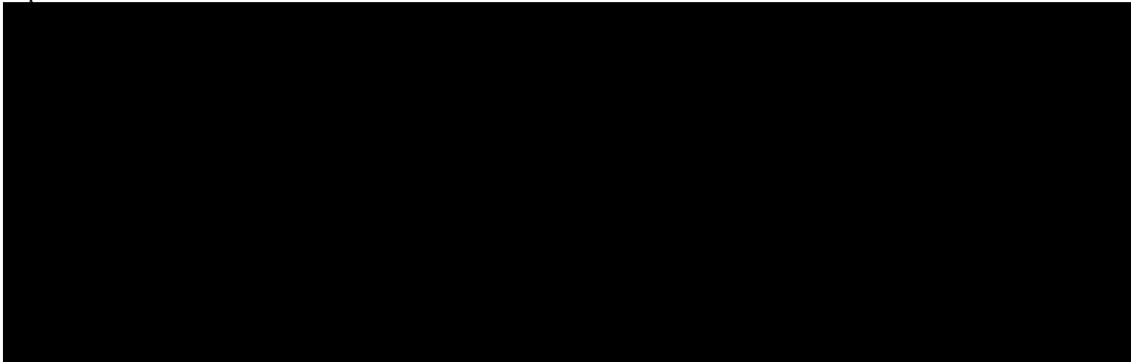
The Israelis recognize that they must look to
the Soviet Union--the only country with a substantial
pool of Jews interested in emigration--as the major
source of potential newcomers. They also know that
Moscow carefully controls the flow of Soviet emigrants.
All of this may become an increasingly important
factor in determining the government's policy
toward the Soviets. It will probably strengthen

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A | the arguments of those in the government advocating
an improvement in Israeli-Soviet relations, presently
in limbo because of the unresolved Arab-Israeli
conflict. (CONFIDENTIAL/NOFORN)



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Nigeria

Port Congestion Problems Compounded

1 Stiff measures taken by Nigeria's new military government to reduce port congestion are spurring counteractions by foreign suppliers that could damage the country's international business standing.

2 The severe congestion is being caused by deliveries on contracts arranged by the ousted regime of General Gowon for 20 million tons of cement. At last count, almost 400 ships--more than half of them carrying cement--were waiting to unload at the port of Lagos. The cement ordered, far in excess of both port capacity and anticipated development needs, was intended for the army's long-delayed barracks-building program.

3 Early last month, Nigeria ordered US and European cement suppliers to stop, until further notice, shipments not already en route. Lagos also suspended demurrage payments for offloading delays that run longer than called for in the cement contracts. These payments, which have cost Lagos about \$1 million per day, frequently were being collected under false pretenses.

4 In a conciliatory gesture, the Nigerian transport commissioner recently stated that his government's actions were temporary and not intended to cancel the cement contracts. He promised that Lagos would provide compensation for justifiable demurrage claims. A Nigerian delegation is in Europe trying to reschedule cement deliveries over a 2 to 3 year period.

5 Despite these assurances, foreign suppliers are insisting that Nigeria cannot unilaterally amend the contracts. A West German company has already brought suit, resulting in a court order freezing all

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Nigerian assets in that country. Legal action also is being contemplated by firms in the US, the UK, and the Netherlands. Prolonged litigation could damage the favorable investment climate in Nigeria and hamper efforts to obtain the foreign experts essential to the country's development.
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