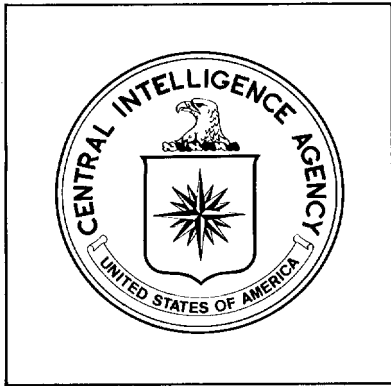


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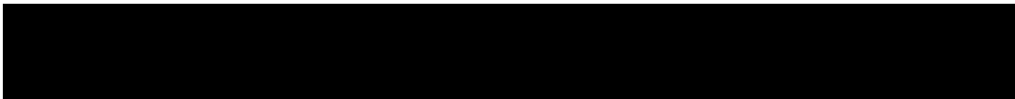
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MIDDLE EAST – AFRICA – SOUTH ASIA

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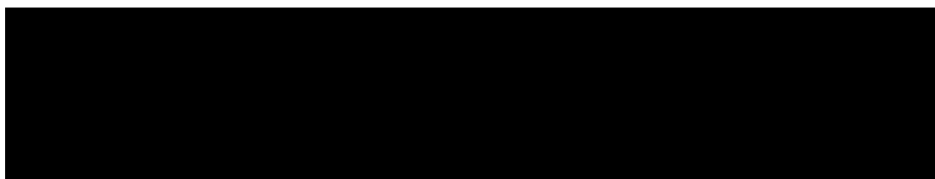
Liberia

Aliens Barred From Some Businesses

1 The Liberian government recently adopted a law that restricts 14 business activities to Liberian citizens or wholly-owned Liberian firms. Liberian citizenship, under the constitution, is reserved exclusively "to persons of Negro descent."

2 The new law appears to be aimed primarily at Liberia's large Lebanese and Indian communities that traditionally have dominated most small business activity. It does not apply to the larger firms that are subsidiaries of US or European companies engaged in banking, retail trade, or export sales. Only one American-owned trading company and possibly the local petroleum distribution outlets of Texaco and Mobil are affected by the measure's requirement that only Liberian firms can distribute goods manufactured locally.

2 The Tolbert administration is responding to growing popular pressure that the government take greater charge of Liberia's economy, which is dominated by foreigners. The number of expatriate entrepreneurs and employees in Liberia is significantly greater than in many other African countries. The new restrictive business law is considerably less stringent, however, than the version first proposed by Minister of Commerce Dennis, indicating that President Tolbert and most other members of the government want to proceed gradually with a policy of "Liberianization". They hope to preserve Liberia's generally attractive climate for foreign investors, while showing that they are responding to popular criticism. (CONFIDENTIAL)



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Sri Lanka

Opposition Leader Resigns Parliamentary Seat

J. R. Jayewardene, leader of the United National Party (UNP), the major opposition party in Sri Lanka, reportedly has resigned his seat in the National Assembly in an effort to force early general elections.

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Jayewardene claims that the governing United Front, led by Prime Minister Bandaranaike, is morally bound to hold elections this year to renew the five year mandate it won in the last general elections in May 1970. Government spokesmen counter with the claim that the United Front won on a platform promising constitutional reform and that the new constitution, promulgated in 1972, calls for elections within five years, i.e., by 1977.

The UNP, which held power prior to 1970, was swamped in the elections that year, emerging with only 17 of the 151 elective seats in the National Assembly. In recent months, however, the UNP has run up a succession of by-election victories. Island-wide popular dissatisfaction with the government's failure to live up to its economic promises makes the situation propitious for a general election now in Jayewardene's view. The government, although suffering from division on many issues, seems united in a determination to refrain power at least until 1977.

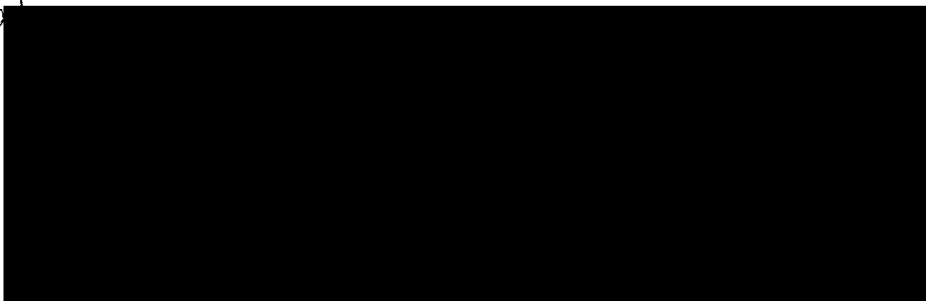
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Jayewardene's action carries out a promise he made in early March to his fellow UNP deputies to resign by May 27. At that time, the deputies pledged to accept their leader's decision on whether other UNP deputies should also resign their seats in May in order to force numerous by-elections. Such a strategy would be aimed at proving the government's lack of popular support and eventually forcing general elections.

(Continued)

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The government, however, has launched a counter-attack by proposing a constitutional amendment that would disqualify as a candidate for election to the National Assembly any former member who had resigned his seat for political reasons since the last general election. Until it is clear whether or not the government intends to press this proposal through to enactment, it is unlikely that Jayewardene would ask for further resignations from his party's still severely limited parliamentary ranks. (CONFIDENTIAL)



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